STATE OF OHIO
DEPARTMENT OF TAXATION

1986 ANNUAL REPORT

RICHARD F. CELESTE
GOVERNOR

JOANNE LIMBACH
TAX COMMISSIONER

ANNUAL REPORT

of the

OHIO DEPARTMENT OF TAXATION

for the

Fiscal Year Ending June 30, 1986

Prepared by the
Tax Analysis and Local Government Distributions Division
Ohio Department of Taxation

STATE OF OHIO
DEPARTMENT OF TAXATION
STATE OFFICE TOWER
P. O. BOX 530
COLUMBUS, OHIO 43266-0030

June 25, 1987

Honorable Richard F. Celeste
Governor of Ohio
And Members of the
Ohio General Assembly

In compliance with Section 5703.42 of the Ohio Revised Code, it is my privilege to submit the 1986 Annual Report of the Ohio Department of Taxation.

This report contains descriptions and data for each of the state and local taxes administered by the Department and for the Energy Credit Program which the Department administers. In addition, sections have been included on the local government fund and library and local government support fund. The text of the report pertains to laws in effect during fiscal year 1986 (July 1, 1985 through June 30, 1986) so that data and descriptions in the various sections are generally comparable. The sections summarizing recent legislation include bills enacted or effective during the fiscal year. We have also included a section that discusses the initiatives and accomplishments of the Department during fiscal year 1986.

I trust that the contents of this report will be of value and interest to the people of Ohio.

Respectfully submitted,

Joanne Limbach

Joanne Limbach
Tax Commissioner

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OHIO DEPARTMENT OF TAXATION
(As of June 30, 1986)

Joanne Limbach
Tax Commissioner

Deputy Tax Commissioner - Administration
Stephen J. Nolan

Deputy Tax Commissioner - Legal
William P. Driscoll

Deputy Tax Commissioner - Policy
Richard A. Levin

Deputy Tax Commissioner - Tax Equalization
John H. Hall

Administrative Assistant
Deborah Matthews

Administration

Administrative Counsel	Arthur M. Suchta
Budget & Fiscal Affairs	Rodger L. Whaley
Computer Operations	Royce H. Metcalf
District Administrator	Fred H. Ahlborn
Information Systems	Dennis B. Winner
Inspection	Robert L. Hammond
Internal Audit	Dennis J. Corrigan
Legal	William P. Driscoll
Personnel	Francie H. Thompson
Reproduction & Supply	Don K. Matson
Tax Analysis and Local Government Distributions	Ronald A. Mucha
Security	Martin A. Winters
Tax Policy and Communications	Vacant

Sales & Use Tax Division

Jurisdiction: Sales & Use Taxes

Administrator	Bernard E. Johnson
Assistant — Technical Operations	Robert L. Henshaw
Administrative Counsel	John M. Schmarr
Supervisors: Audit Review	Richard J. Barrett
Central Audit	David W. Boeder
Sales and Use	William D. Marshall

Excise, Motor Fuel & Highway Use Tax Division

Jurisdiction: Highway Use, Motor Fuel, Severance, Cigarette, and Alcoholic Beverages Taxes

Administrator	Richard O. Beckner
Excise Tax	Cathy Farley
Highway Use Tax	Edward D. Finnerty
Motor Fuel Tax	James E. Jarzabek

Estate Tax Division

Administrator	Joan E. Zuber
Administrative Assistant — Operations	Joe Veffer
Inheritance Tax Supervisor	Mark R. Friedman

Property Tax Division
Jurisdiction: Personal Property Taxes

Administrator	James J. Baumann
Administrative Counsel	Donald S. Swepston
Assistant-Operations	Jack W. Cook
Assistant-Technical	Robert H. Dudgeon
Audit Review	Chris Whitaker
Compliance Section	Allen D. Stoffel
Intercounty Central Audit	Edward L. Gifford

Public Utility Tax Division
Jurisdiction: Public Utility Real and Personal Property, and Excise Taxes

Administrator	James A. Witzel
Administrative Assistant	Louis J. Spisak

Income Tax Division
Jurisdiction: Individual Income Tax (School District and State), Corporate Franchise Tax, and Energy Credit Program

Administrator		James J. Kamerick
Legal Counsel		Jeffrey P. Sherman
Supervisors:	Audit Review	Charles E. Ortlieb
	Corporate Franchise Tax -- Audit	John P. McAndrew
	Energy Credit Program	Lisa E. Stinziano
	Individual Income Tax -- Audit	Rodgers L. Way, Jr.
	Taxpayer Services	Joy E. Clark

Tax Equalization Division
Jurisdiction: Real Property Tax

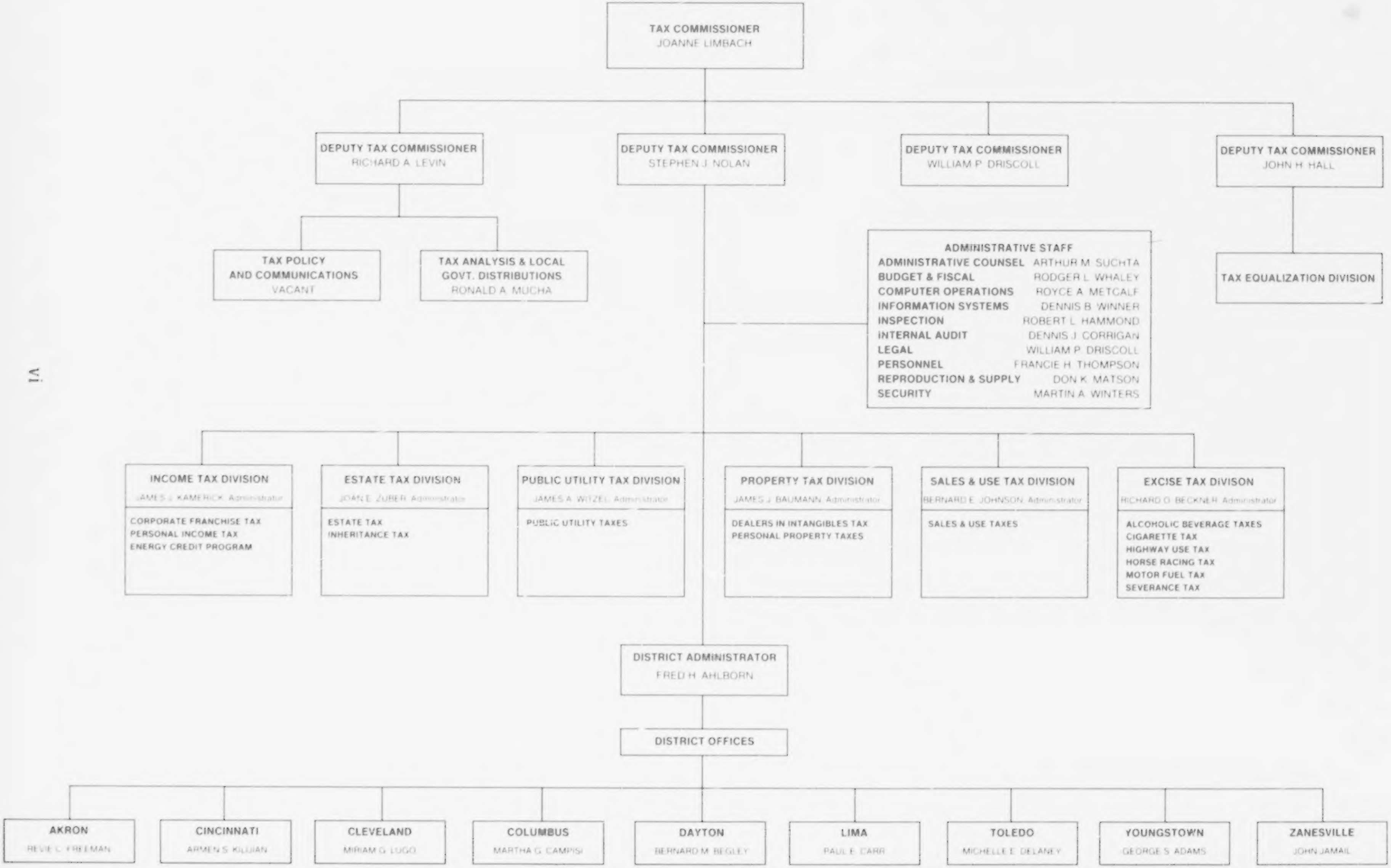
Deputy	John H. Hall
Assistant Administrator	Carol Mahaffey

INCUMBENTS IN THE OFFICE OF TAX COMMISSIONER, AND GOVERNORS SERVED, 1939 — PRESENT

Tax Commissioner	Term	Served Under Governor	Term
William S. Evatt	6/06/39 - 12/31/44	John W. Bricker	1/09/39 - 1/08/45
C. Emory Glander	1/01/45 - 1/31/51	Frank J. Lausche	1/08/45 - 1/13/47
"	" "	Thomas J. Herbert	1/13/47 - 1/10/49
"	" "	Frank J. Lausche	1/10/49 - 1/03/57
John W. Peck	2/01/51 - 1/31/54	"	" "
Stanley J. Bowers	2/01/54 - 4/14/63	"	" "
"	" "	John W. Brown	1/03/57 - 1/14/57
"	" "	C. William O'Neill	1/14/57 - 1/12/59
"	" "	Michael V. DiSalle	1/12/59 - 1/14/63
Louis J. Schneider	4/15/63 - 12/29/64	James A. Rhodes	1/14/63 - 1/11/71
Gerald A. Donahue	1/04/65 - 3/13/66	"	" "
Gail W. Porterfield	3/13/66 - 1/10/71	"	" "
Robert J. Kosydar	1/11/71 - 1/13/75	John J. Gilligan	1/11/71 - 1/13/75
Gerald S. Collins	1/13/75 - 8/28/75	James A. Rhodes	1/13/75 - 1/10/83
Edgar L. Lindley	9/11/75 - 1/10/83	"	" "
Joanne Limbach	1/10/83 - Present	Richard F. Celeste	1/10/83 - Present

NOTE: Tax Commissioner serves at pleasure of Governor (before September, 1963 served a four-year term).

OHIO DEPARTMENT OF TAXATION
ORGANIZATION CHART
(As of June 30, 1986)


TAX COMMISSIONER
JOANNE LIMBACH
DEPUTY TAX COMMISSIONER
RICHARD A. LEVIN
DEPUTY TAX COMMISSIONER
STEPHEN J. NOLAN
DEPUTY TAX COMMISSIONER
WILLIAM P. DRISCOLL
DEPUTY TAX COMMISSIONER
JOHN H. HALL
TAX POLICY AND COMMUNICATIONS
VACANT
TAX ANALYSIS & LOCAL GOVT. DISTRIBUTIONS
RONALD A. MUCHA
ADMINISTRATIVE STAFF
ADMINISTRATIVE COUNSEL ARTHUR M. SUCHTA
BUDGET & FISCAL RODGER L. WHALEY
COMPUTER OPERATIONS ROYCE A. METCALF
INFORMATION SYSTEMS DENNIS B. WINNER
INSPECTION ROBERT L. HAMMOND
INTERNAL AUDIT DENNIS J. CORRIGAN
LEGAL WILLIAM P. DRISCOLL
PERSONNEL FRANCIE H. THOMPSON
REPRODUCTION & SUPPLY DON K. MATSON
SECURITY MARTIN A. WINTERS
TAX EQUALIZATION DIVISION
INCOME TAX DIVISION
JAMES J. KAMERICK, Administrator
CORPORATE FRANCHISE TAX
PERSONAL INCOME TAX
ENERGY CREDIT PROGRAM
ESTATE TAX DIVISION
JOAN E. ZUBER, Administrator
ESTATE TAX
INHERITANCE TAX
PUBLIC UTILITY TAX DIVISION
JAMES A. WITZEL, Administrator
PUBLIC UTILITY TAXES
PROPERTY TAX DIVISION
JAMES J. BAUMANN, Administrator
DEALERS IN INTANGIBLES TAX
PERSONAL PROPERTY TAXES
SALES & USE TAX DIVISION
BERNARD E. JOHNSON, Administrator
SALES & USE TAXES
EXCISE TAX DIVISON
RICHARD O. BECKNER, Administrator
ALCOHOLIC BEVERAGE TAXES
CIGARETTE TAX
HIGHWAY USE TAX
HORSE RACING TAX
MOTOR FUEL TAX
SEVERANCE TAX
DISTRICT ADMINISTRATOR
FRED H. AHLBORN
DISTRICT OFFICES
AKRON
REVIE L. FREEMAN
CINCINNATI
ARMEN S. KILIJIAN
CLEVELAND
MIRIAM G. LUGO
COLUMBUS
MARTHA G. CAMPISI
DAYTON
BERNARD M. BEGLEY
LIMA
PAUL E. CARR
TOLEDO
MICHELLE E. DELANEY
YOUNGSTOWN
GEORGE S. ADAMS
ZANESVILLE
JOHN JAMAIL

INITIATIVES AND ACCOMPLISHMENTS
IN
FISCAL YEAR 1986

Implementation of Automated Collection System

The Department and its collection agent, the Attorney General's office, began conversion to an automated collection system. Previously, the Department certified delinquent assessments to the Attorney General's office manually and paper files on delinquent accounts were transferred from the Department to that office. Under the new system, both offices share an electronic database containing information regarding the delinquent account. The new system generates and tracks assessments, letters, certifications, and other documents used in the assessment and collection process and provides current information on the status of delinquent accounts to both the Department and the Attorney General's office. This new system will not only increase collections of delinquent taxes but also will provide more accurate information on each assessment.

New Payment-Processing System for Personal Income Tax

Much of the manual work involved in the processing of employer withholding returns and payments and personal income tax quarterly estimated returns and checks has been eliminated by substituting a more automated system. This new system automatically imprints code numbers on checks and puts both the checks and returns on microfiche. The equipment also reads taxpayer identification numbers and tax periods from returns and sends this information directly to the master computer file. All of these changes reduce processing time which allows quicker identification of delinquent or non-filing taxpayers.

Committee Established to Review Rules

A Rules Policy Committee was formed to review the existing administrative rules of the Department and to make recommendations on new rules. In addition, the committee will examine published instructions of the Department to determine if they should be promulgated as administrative rules. This committee allows the Department to thoroughly evaluate the technical content and policy implications of rules in a structured manner.

Sales Tax Agreement with Pennsylvania

The Department entered into an agreement with the Pennsylvania Revenue Department that will improve enforcement of the use tax in both states. The two states agreed to share information received from sales and use tax audits as well as provide a list of residents of either state who purchased items in the other state but did not pay the sales tax in that state. Those individuals will then be billed for their home state's use tax on their purchase. Both states also are registering merchants (particularly furniture and appliance dealers) so that those dealers will collect the use tax on sales to out-of-state customers. Previously customers were able to avoid any sales or use tax by crossing the boundary between the states to purchase goods delivered to their homes.

New Responsibility for Local Government Distributions

House Bill 201 (effective July 1, 1985) transferred responsibility for making numerous subsidy payments and distributions to local governments from the State Auditor to the Department. These functions include:

(1) Local government fund payments made monthly to the 88 counties for redistribution to local subdivisions.

(2) Library and local government support fund payments made monthly to the 88 counties for redistribution to local subdivisions (primarily libraries).

(3) Motor vehicle fuel tax distributions made twice monthly to the 88 counties and all cities, villages, and townships.

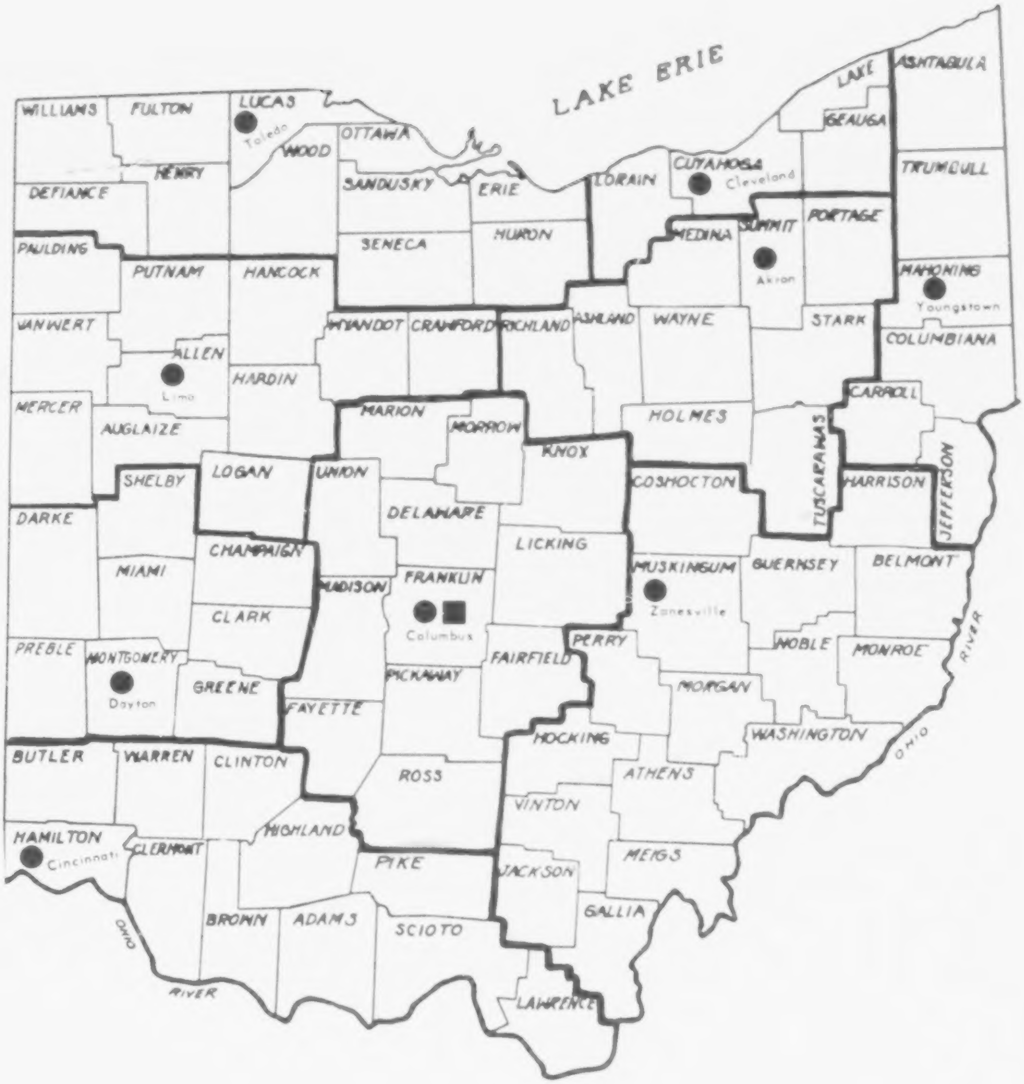
(4) Reimbursing local revenue losses caused by the $10,000 tangible personal tax exemption Reimbursement is made annually to the county for redistribution to local taxing subdivisions.

(5) Reimbursing local subdivisions for revenue losses resulting from the 10% and 2½% real property tax rollbacks and the homestead exemption. Reimbursements are made semiannually directly to all local subdivisions levying property taxes except schools. Schools are reimbursed by the Department of Education.

New Responsibility for Making Energy Credit Payments

House Bill 201 also transferred responsibility for making energy credit payments to individuals and utility companies from the State Auditor to the Department. Under previous law, the Department processed applications for the state's energy credit program and certified eligible individuals to the State Auditor and the State Auditor made payments to individuals and reimbursed utility companies.

DISTRICT OFFICES OF THE OHIO DEPARTMENT OF TAXATION AND COUNTIES SERVED


LAKE ERIE
WILLIAMS
FULTON
LUCAS
Toledo
WOOD
OTTAWA
LAKE
ASHTABULA
GEAUGA
HENRY
DEFIANCE
SANDUSKY
ERIE
LORAIN
CUYAHOGA
Cleveland
TRUMBULL
SENECA
HURON
MEDINA
SUMMIT
PORTAGE
Akron
PAULDING
PUTNAM
HANCOCK
MAHONING
Youngstown
VANWERT
WYANDOT
CRAWFORD
RICHLAND
ASHLAND
WAYNE
STARK
COLUMBIANA
ALLEN
Lima
HARDIN
MERCER
AUGLAIZE
MARION
MORROW
HOLMES
CARROLL
KNOX
TUSCARAWAS
SHELBY
LOGAN
UNION
COSHOCTON
HARRISON
JEFFERSON
DARKE
DELAWARE
LICKING
MIAMI
CHAMPAIGN
MADISON
FRANKLIN
MUSKINGUM
GUERNSEY
BELMONT
Columbus
Zanesville
CLARK
PREBLE
MONTGOMERY
Dayton
GREENE
FAIRFIELD
PERRY
NOBLE
MONROE
PICKAWAY
MORGAN
FAYETTE
HOCKING
WASHINGTON
BUTLER
WARREN
CLINTON
ROSS
ATHENS
VINTON
HAMILTON
Cincinnati
CLERMONT
HIGHLAND
PIKE
JACKSON
MEIGS
GALLIA
BROWN
ADAMS
SCIOTO
LAWRENCE
OHIO
RIVER

● DISTRICT OFFICES

■ CENTRAL OFFICE

RESPONSIBILITIES AND ORGANIZATION

OF THE

OHIO DEPARTMENT OF TAXATION

The Ohio Revised Code (Section 5703.05) states that, "all powers, duties, and functions of the department of taxation are vested in and shall be performed by the tax commissioner . . ." The Tax Commissioner is appointed by the Governor, subject to confirmation by the Ohio Senate, and serves at the pleasure of the Governor. The Tax Commissioner is responsible for the administration of most state-collected taxes and several locally-collected taxes and the supervision of the real property tax. In addition, the Tax Commissioner administers the energy credits program which reduces the winter heating bills of qualified individuals. In fiscal year 1986, the Tax Commissioner was also given responsibility for several programs distributing revenues to local governments, including: (1) motor fuel tax distributions; (2) local property tax relief reimbursements; and (3) distributions to counties for the library and local government support fund and the local government fund.

The Commissioner is empowered to make "all tax assessments, valuations, findings, determinations, computations, and orders" which the Department is by law authorized and required to make, and to review, redetermine, or correct previous assessments, valuations, or findings. The Commissioner also is charged with promulgating rules and regulations and preparing and distributing tax returns and other reporting forms. The Commissioner is responsible for auditing returns, levying assessments and penalties, granting or denying tax refunds, and may issue, revoke, or suspend certain licenses and permits. In two instances, the personal income tax and the horse racing tax, the Commissioner is assigned the actual collection of taxes with the other administrative duties. The Tax Commissioner is also required to maintain a continuous study of the practical operation of the taxation and revenue laws of the state, the probable revenue effect of possible changes in existing laws, and the possible enactment of measures providing for other forms of taxation.

To efficiently perform these numerous functions, the Tax Commissioner is authorized by law to create the divisions and sections of employees which are deemed proper. The organization chart on page vi indicates this division structure as of June 30, 1986. In addition to four Deputy Tax Commissioners, the Tax Commissioner has created seven operating divisions responsible for specific taxes or groupings of taxes (Sales and Use, Property, Public Utility, Income, Excise, Tax Equalization, and Estate), nine administrative staff sections (Administrative Counsel, Budget and Fiscal, Computer Operations, Information Systems, Personnel, Reproduction and Supply, Inspection, Internal Audit, and Security), a Legal Section, a Tax Analysis and Local Government Distributions Division, a Tax Policy and Communications Section and nine District Offices located in major cities throughout Ohio with a District Administrator in the central office in Columbus. A map indicating the locations of the district offices and the counties which they serve is shown on page ix.

At the close of fiscal year 1986, there were 1,338 permanent employees in the central office and nine district offices. Expenditures of $50.7 million were made during the fiscal year to fulfill the various functions and responsibilities of the Department. Further detail for numbers of employees and expenditures is shown in Tables 1 and 2.

Table 3 shows data from applications for tax exemptions for pollution control and energy conservation facilities. Qualified facilities include: (1) air and noise pollution control facilities; (2) energy conservation facilities; (3) thermal efficiency improvement facilities; and (4) solid waste energy conversion facilities. A certificate must be issued for these facilities in order to qualify for a general tax exemption. The certification procedures for all of these facilities are administered by the Tax Commissioner. There is a similar program for water pollution control facilities, but that program is administered by the Ohio Environmental Protection Agency.

Applications for certificates are filed by businesses with the Department of Taxation. If the Tax Commissioner, after obtaining the opinion of the Director of Environmental Protection or Director of the Department of Energy, finds that the facility meets the statutory requirements, a certificate is issued for the facility. If the facility does not meet the qualifications, the certificate is not granted.

Table 1

OHIO DEPARTMENT OF TAXATION STAFF STRUCTURE AND NUMBER OF EMPLOYEES, FISCAL YEAR 1986

Unit Of Organization	Number of Employees June 30, 1986	
Administrative Division		
Tax Commissioner	10	
Legal	25	
Budget & Fiscal	4	
Personnel	10	
Tax Analysis & Local Gov't. Dist.	10	
Information Systems	16	
Reproduction & Supply	9	
Tax Policy and Communications	3	
Administrative Counsel	5	
Division Total		92
Data Processing Division		
Computer Operations	18	
Systems & Programming	24	
Data Entry	127	
Division Total		169
Property Tax Division		
Administration	8	
Intangible Processing	10	
Property Auditing	30	
Property Assessing	6	
Intangible Corporate Compliance	23	
Financial Institutions		
Division Total		77
Sales And Use Tax Division		
Administration	5	
Audit Review	9	
Audit Entry	10	
Sales Tax	83	
Central Audit	40	
Tax Hearing Board	5	
Division Total		152
Excise Tax Division		
Administration	2	
Highway Use	51	
Motor Fuel	21	
Excise Tax	8	
Cigarette Law Enforcement	10	
Division Total		82

Unit Of Organization	Number Of Employees June 30, 1986	
District Offices		
Akron	55	
Cincinnati	63	
Cleveland	67	
Columbus	50	
Dayton	50	
Lima	39	
Toledo	43	
Youngstown	21	
Zanesville	28	
Division Total		416
Income Tax Division		
Administration	3	
Corporate Auditing	38	
Personal Auditing	34	
Audit Review & Assessment	40	
Income Tax Processing	31	
Accounting & Cashier	10	
Security	14	
Support Services	20	
Taxpayer Services	46	
File & Mail Unit	28	
Energy Credits	16	
Division Total		280
Estate Tax Division		23
Public Utilities Division		9
Tax Equalization Division		38
Total Permanent Employees		1,338
Temporary Employees In Pay Status		21
Total Employees (Permanent & Temporary)		1,359

Table 2

EXPENDITURES OF THE DEPARTMENT OF TAXATION, FISCAL YEAR 1986

Unit of Organization	Personal Service	Maintenance And Equipment	Total
Administrative Division	$2,752,935	$2,215,725	$4,968,660
Data Processing Division	3,496,478	1,731,358	5,227,836
Property Tax Division	2,149,846	213,495	2,363,341
Sales & Use Tax Division	8,261,713	1,462,055	9,723,768
District Offices	8,849,939	1,403,292	10,253,231
Income Tax Division	8,618,008	4,552,555	13,170,568
Estate Tax Division	687,393	66,195	753,888
Tax Equalization Division	1,128,730	116,396	1,245,126
Public Utilities Division	311,854	7,385	319,239
Excise Tax Division	1,987,448	653,388	2,640,836
Total	$38,244,344	$12,421,844	$50,666,188

Sometimes only a portion of a facility qualifies and a certificate is issued for only that portion of the facility. Table 3 summarizes the activities of the Department regarding the certificate program for fiscal year 1986. The table shows the number of applications acted upon during the fiscal year and gives a breakdown of the applications based on the type of facility. As long as the certificates are in force, the value of the certified facility is exempt from real and personal property taxes and is excluded from computation of the corporate franchise tax. In addition, material used to construct a certified facility is exempt from all sales and use taxes.

Table 4 shows the total audit production for the Sales, Income, Property, Public Utility, and Estate Tax Divisions. Note that these figures generally exceed those shown in the assessments tables (tables 5 through 7), primarily because the production totals include revenue from corrected returns and other activities which are not included in the actual assessments. Total audit production in fiscal year 1986 for the four major divisions of the Department increased by about 7% over fiscal year 1985.

Tables 5 through 7 indicate amounts for assessments made by the Property, Sales, and Income Tax Divisions of the Department. Personal property tax assessments shown in Table 5 for tangible and intangible taxes totaled $69.4 million for calendar year 1985. Table 6 indicates that sales and excise tax assessments were $196.6 million in fiscal year 1986, with about $190.2 million of that amount from the sales and use tax alone.

Table 7 shows assessments levied by the Income Tax Division for both the corporate franchise and personal income taxes. Corporate franchise assessments are levied against corporations that: (1) do not file the required annual return; (2) file an incorrect return; or (3) fail to remit the full amount of the tax due. In fiscal year 1986, 5,855 corporate franchise assessments were levied amounting to $84.3 million in additional taxes, penalties, and interest due from corporations. These assessments must be paid within thirty days after the corporation receives the assessment notice. The assessments may be appealed by the taxpayers.

Personal income tax assessments are levied against individuals who either fail to file a tax return during the required time period or fail to pay the full amount of the tax legally due. Personal income tax assessments were levied against 94,672 taxpayers in fiscal year 1986 and amounted to about $60.5 million in additional taxes, penalties, and interest due from individual taxpayers. These assessments become due and payable within thirty days after they are received by the taxpayer. A taxpayer may appeal the assessment within thirty days after its receipt.

Table 3

NUMBER OF POLLUTION CONTROL, CONVERSION FACILITY, AND THERMAL EFFICIENCY IMPROVEMENT FACILITY FINAL CERTIFICATES ISSUED AND VALUE OF EXEMPTIONS GRANTED, FISCAL YEAR 1986

Type of Facility	Number of Certificates Issued	Value of Exemptions
Air Pollution	131	$123,255,304
Noise Pollution	0	0
Energy Conversion	6	9,357,280
Solid Waste Conversion	4	1,128,178
Thermal Efficiency Improvement	14	6,456,379
Total	155	$140,197,141

Table 4

TOTAL AUDIT PRODUCTION FOR SALES, INCOME, PROPERTY, ESTATE, AND PUBLIC UTILITY TAX DIVISIONS, FISCAL YEARS 1982 - 1986

Division	Audit Production				
	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
Sales and Excise Taxes	$129,836,200	$176,261,774	$192,698,483	$203,298,252	$215,368,626
Income and Corporate Franchise Taxes	76,144,296	113,165,696	109,774,660	171,260,329	195,200,227
Property Tax	76,101,349	46,180,844	66,251,145	72,966,152	65,077,331
Estate Tax	5,588,775	4,453,484	3,914,412	3,228,730	4,977,193
Public Utility Tax	N.A.	N.A.	N.A.	1,839,439	4,076,142
Total	$287,670,620	$340,061,798	$372,638,700	$452,592,902	$484,699,519

N.A. -- Not Available.

Table 5

PERSONAL PROPERTY TAX ASSESSMENTS
CALENDAR YEARS 1984 AND 1985

Tax	Amount of Assessments			
	Calendar Year 1984		Calendar Year 1985	
Tangible and Intangible Personal Property				
Single-county Corporations, Individuals, & Unincorporated Businesses	$26,629,128		$26,109,928	
Inter-county Corporations	48,695,966		42,592,903	
Total Personal Property		$75,325,094		$68,702,831
Financial Institutions (Intangibles only)		381,981		692,202
Total		$75,707,075		$69,395,033

Table 6

SALES AND EXCISE TAX ASSESSMENTS LEVIED
AND UNPAID ASSESSMENTS CERTIFIED FOR PAYMENT, FISCAL YEARS 1985 AND 1986[(a)]

Tax	Assessments Levied				Unpaid Assessments Certified For Collection[(b)]	
	Fiscal Year 1985		Fiscal Year 1986			
	Amount	Number	Amount	Number	Fiscal Year 1985	Fiscal Year 1986
Sales and Use	$184,430,763	52,738	$190,169,416	34,108	$77,553,790	$67,981,345
Motor Vehicle Fuel	1,334,157	226	861,636	150	1,681,917	781,972
Highway Use	2,179,386	788	5,162,689	1,192	1,088,464	2,362,411
Cigarette	24,037	11	10,168	8	12,659	-0-
Beer and Wine	5,231	5	17,131	13	10,323	14,724
Severance	204,293	60	318,456	84	205,705	220,775
Horse Racing	NA	NA	37,429	5	NA	7,577
Total	$188,177,867	53,828	$196,576,925	35,560	$80,552,858	$71,368,804

(a) Represents only assessments levied and not assessments collected.

(b) Data do not relate to current assessments shown in "Assessments Levied" column. It represents those assessments certified for collection after taxpayers have exhausted all avenues of appeal. Number of total assessments were 24,650 in Fiscal Year 1985 and 20,663 in Fiscal Year 1986.

Table 7

PERSONAL INCOME TAX AND CORPORATE FRANCHISE TAX ASSESSMENTS LEVIED,
FISCAL YEARS 1983 - 1986

Tax	Assessments Levied							
	Fiscal Year 1983		Fiscal Year 1984		Fiscal Year 1985		Fiscal Year 1986	
	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Corporate Franchise Tax	$37,005,578	3,513	$34,229,465	1,954	$58,815,446	5,244	$84,313,639	5,855
Personal Income Tax	17,320,735	66,653	20,970,880	60,464	33,329,632	53,980	60,464,473	94,672
Total	$54,326,313	70,166	$55,200,345	62,418	$92,145,078	59,224	144,778,112	100,527

REVENUE FROM TAXES
ADMINISTERED BY THE TAX COMMISSIONER

The Tax Commissioner is responsible for administering state and local taxes which yielded about $10.0 billion in fiscal year 1986. The state's 1986 fiscal year was the period from July 1, 1985 through June 30, 1986. A breakdown of the collections from these taxes is shown in Table 8 for both state-collected and locally-collected taxes. It should be noted, however, that taxes imposed by one level of government may be collected by another, and that taxes collected by one level of government may be shared with another. Therefore, the tax collection figures attributed to state or local governments in the table do not necessarily indicate amounts available for expenditure by the two governmental levels.

Figures for both gross and net tax collections from state-collected taxes are shown in Table 8. Gross collections are equal to total taxes collected, including taxes which were later refunded. Net tax collections are equal to gross collections less all refunds. The source for the state-collected taxes is the Office of Budget and Management for both gross and net collections. These figures will differ from data shown elsewhere in this report which generally represent taxes administered as shown on returns filed during the fiscal year rather than actual collections during the fiscal year.

The state-collected taxes administered by the Tax Commissioner yielded net tax collections of $8,359.1 million during the fiscal year. This was an increase of 4.4% over the previous year. Collections from locally-collected taxes were $1,652.9 million in calendar year 1985, which was a increase of 3.1% from 1984.

As the table shows, the largest single revenue source was the sales tax with net collections of $2,783.2 million. The personal income tax was the second largest revenue source with net collections of $2,774.0 million. Sales tax revenue increased 9% while income tax collections decreased slightly.

Other taxes with increases or decreases of note were the local sales and use tax, corporation franchise tax and severance tax. Local sales and use tax collections increased about 15% primarily because of an increase in the number of counties levying a local sales tax. Collections from the corporation franchise tax increased over 9% reflecting an improving economy. Severance tax collections were up 20% as recent increases in rates were fully reflected in collections.

Table 8

COLLECTIONS FOR TAXES ADMINISTERED BY OHIO TAX COMMISSIONER(a)

State-Collected Taxes, Fiscal Years 1985 and 1986

Tax	Gross Tax Collections		Net Tax Collections(b)		Percent Change
	1985	1986	1985	1986	
State Sales and Use	$2,560,456,741	$2,804,944,832	$2,552,095,912	$2,783,172,435	+ 9.05%
Local Sales and Use	327,236,566	376,396,854	327,236,566	376,396,854	+ 15.02
State Personal Income	3,159,808,442	3,178,775,376	2,777,799,505	2,774,025,652	- 0.14
Corporation Franchise	831,361,296	883,517,006	732,665,982	801,976,192	+ 9.46
Motor Vehicle Fuel	636,291,548	678,583,467	622,565,611	663,689,471	+ 6.61
Public Utility Excise	675,805,382	650,063,296	673,851,421	634,343,121	- 5.86
Cigarette Excise	186,058,997	184,629,870	184,548,251	183,149,095	- 0.76
Intangible Pers. Property (State-Collected)(c)	14,956,952	17,644,601	14.771,703	17,490,690	+ 18.41
Highway Use	54,708,716	59,753,884	54,596,171	59,428,417	+ 8.85
Alcoholic Beverage Excise	43,027,700	43,478,894	42,899,960	43,288,091	+ 0.90
Horse Racing	11,643,789	10,948,534	11,643,789	10,884,829	- 6.52
Soft Drink Mix	7,637	14	7,256	14	- 99.81
Severance	8,205,163	9,868,446	8,191,061	9,863,952	+ 20.42
School District Income	1,202,352	1,376,499	1,202,352	1,376,499	+ 14.48
Total State-Collected Taxes	$8,510,774,281	$8,899,981,573	$8,004,075,540	$8,359,085,312	+ 4.44

Locally-Collected Taxes, Calendar Years 1984 and 1985

	Taxes Assessed		Percent Change
	1984	1985	
Tangible Personal Property Taxes	$ 831,600,228	$ 868,212,896	+ 4.40%
Intangible Personal Property Taxes (Locally-Collected)	147,322,413	156,618,298	+ 6.31
Public Utility Property Taxes(d)	504,302,656	523,647,002	+ 3.84
Estate Tax(e)	119,640,735	104,392,308	-12.75
Total Locally-Collected Taxes	$1,602,866,032	$1,652,870,504	+ 3.12%

(a) SOURCES: For state-collected taxes, Ohio Office of Budget and Management. For locally-collected taxes, Ohio Department of Taxation.
(b) Gross tax collections less refunds.
(c) Taxes paid by dealers in intangibles, public utilities and intercounty corporations.
(d) Includes only tangible personal property taxes.
(e) Fiscal years 1985 and 1986, respectively.

GENERAL REVENUE FUND SOURCES
FISCAL YEAR 1986
(EXCLUDING FEDERAL AID)

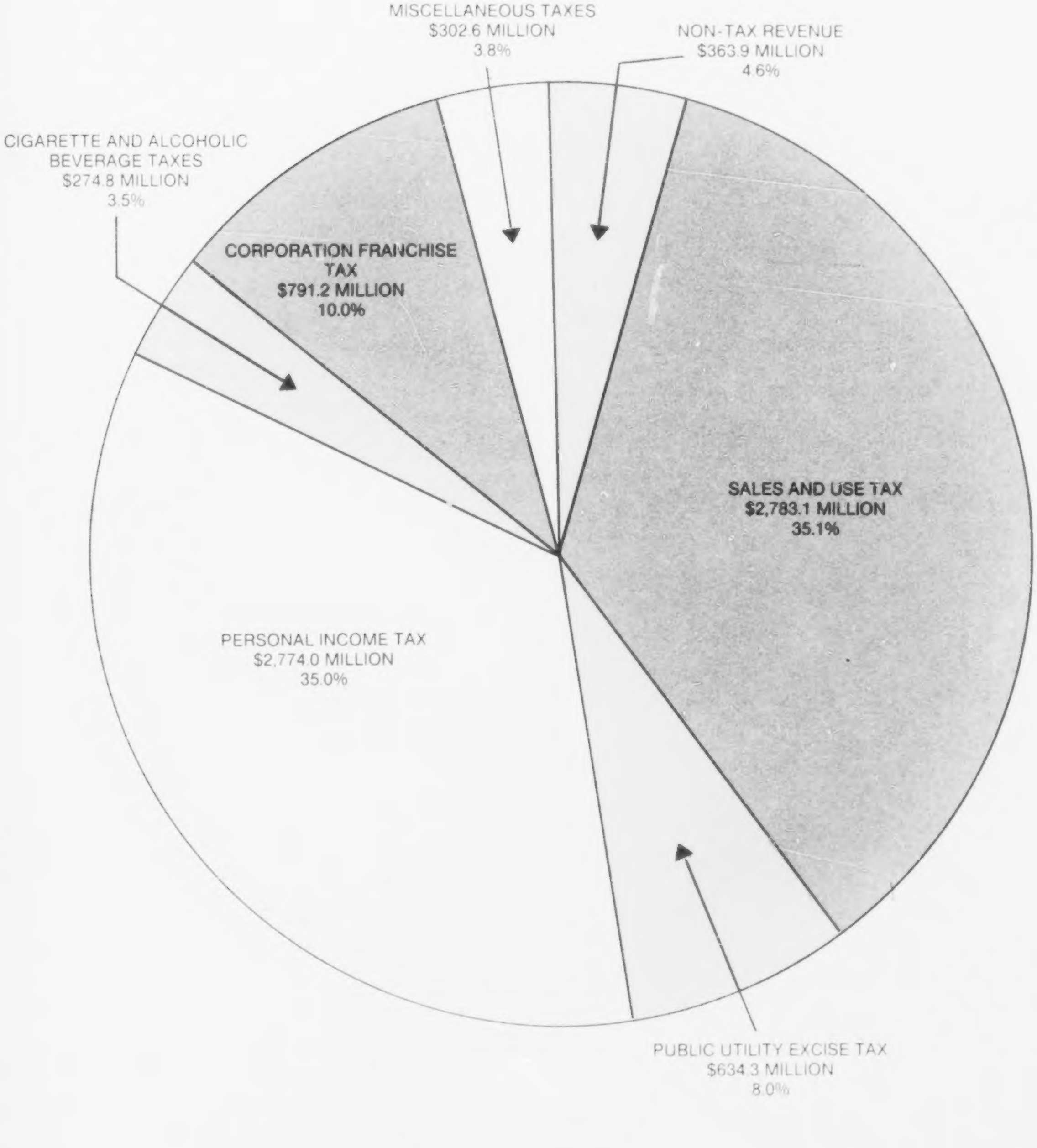
Revenue Source	FY 1986 Collections	
Personal Income Tax		$2,774,025,652
Sales and Use Tax		2,783,058,128
Corporation Franchise Tax		791,158,872
Public Utility Excise Tax		634,343,120
Cigarette Tax		168,392,327
Alcoholic Beverages Taxes		
Alcoholic Beverage Excise Tax	$ 42,736,780	
Liquor Gallonage Tax	26,651,921	
Liquor Profits	37,000,000	
Total		$ 106,388,701
Miscellaneous Taxes		
Domestic Insurance Tax	$30,151,032	
Estate Tax	37,907,455	
Foreign Insurance Tax	160,970,027	
Horse Racing Tax	2,343,773	
Intangible Personal Property Tax	11,447,765	
Other Taxes	59,755,380	
Total		$ 302,575,432
Non-Tax Revenue		
Earnings on Investments	$ 66,695,529	
Lottery	370,000,000	
Miscellaneous	- 72,777,211*	
Total		$ 363,918,318
GRAND TOTAL		$7,923,860,550

NOTE: All amounts are after refunds.

* Includes certain transfers out of General Revenue Fund.

SOURCE: Ohio Office of Budget and Management.

FIGURE 1
GENERAL REVEUE FUND SOURCES
FISCAL YEAR 1986
(EXCLUDING FEDERAL AID)
TOTAL: $7,923.9 million



ALCOHOLIC BEVERAGE TAXES

The Ohio Department of Taxation and the Department of Liquor Control share responsibilities for the administration of the laws regarding alcoholic beverages. The Department of Liquor Control, which includes the Liquor Control Commission: (1) is in charge of issuing, suspending, and revoking permits to manufacture, distribute, and sell all alcoholic beverages; (2) operates a system of state liquor stores for the sale of spirituous beverages (liquors containing more than 21% alcohol by volume) to individuals and to holders of permits authorizing the sale of spirituous liquor; and (3) grants permits for and controls all phases of manufacturing, distribution, and sale of alcoholic beverages in Ohio. The Department of Taxation is involved mainly in the administration of the taxes on non-spirituous beverages (beer, malt beverages, wine, mixed beverages, and brewers wort and malt). This section of the Annual Report covers only the role of the Department of Taxation.

Before the repeal of Prohibition in 1933, the states played a secondary role to the federal government in regulating the sale of alcoholic beverages. However, after Prohibition was repealed, the states gained predominance. That same year, Ohio created the Department of Liquor Control and enacted tax levies on beer, wine and other non-spirituous beverages. Since 1933, there have been amendments to the law including excise tax increases and imposing the state sales tax on beer, malt beverages, wine, and mixed beverages.

Receipts from the excise taxes on beer, malt beverages, wine, and mixed beverages were $43.5 million in fiscal year 1986 compared with $43.0 million in fiscal year 1984.Three cents out of the tax on each gallon of wine is designated for research and study of grapes and grape products under the direction of the Ohio Grape Industries Committee.

TAX BASE:

Sale by volume of the following non-spirituous beverages (R.C. 4301.01):

Type of Product	Definition
Beer, Malt Liquor (or malt beverage)	Brewed or fermented malt product containing not less than 0.5% and not more than 6.0% alcohol by weight.
Wine (including sparkling wine and vermouth)	Fermented juices of grapes, fruits or other agricultural products and containing not less than 5% and not more than 21% of alcohol by volume.
Mixed Beverages	Mixture of wine or distilled spirits with carbonated or non-carbonated flavoring materials and containing not less than 5% and not more than 21% of alcohol by volume.
Malt	Liquid, solid, or extract made from cereal grains.
Brewers Wort	Liquid malt containing less than 15% solids by weight.

RATES:

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Beer and malt beverages in bottles or cans	4301.42	6 oz. or fractional part thereof	0.75¢ (a)
Beer and malt beverages in barrels	4305.01	31 gallons	$2.50
Wine (containing alcohol 5% by weight to 14% by volume)	4301.43 4301.432	Gallon	26¢

RATES (cont'd):

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Wine (containing alcohol 14% to 21% by volume)	4301.43 4301.432	Gallon	62¢
Vermouth	4301.43 4301.432	Gallon	77¢
Sparkling and Carbonated Wine and Champagne	4301.43 4301.432	Gallon	$1.27
Mixed Beverages	4301.43	Gallon	80¢
Malt	4309.04	One pound or fractional part thereof	3¢
Brewers Wort	4309.04	Gallon	10¢

(a) The rate on bottles and cans having 12 ounces or less of liquid content is 1/8 of 1¢ per ounce.

TAXPAYER:

Type of Product	Revised Code Section	Taxpayer
Bottle and Canned Beer and Malt Beverages	4301.42	Manufacturer, Bottler, Canner, or Wholesale Dealer
Barrel Beer	4305.09	Manufacturer or Consignee
Wine	4301.43	Manufacturer, Bottler or Wholesale Dealer
Mixed Beverages	4301.43	Manufacturer, Wholesale Dealer. or Retail Dealer
Malt and Brewers Wort	4309.051	Wholesale Dealer or Retail Dealer

PAYMENT DATES (R.C. 4303.33):

Beer and malt beverages permit holders:

Advance payment: On or before the 18th of each month for that month's estimated tax liability.

Monthly payment: On or before the 10th of each month for the balance of the previous month's tax liability after advance payment credits.

Wine and mixed beverage permit holders:

Monthly payment: On or before the 18th of each month for the previous month's tax liability.

Malt and brewers wort:

Monthly payment: On or before the 10th of each month for the previous month's tax liability.

DISCOUNTS AND ADDITIONAL CREDITS (R.C. 4303.33):

Discounts and additional credit are in consideration for collecting and timely payment of tax liability by permit holders.

Beer and malt beverage permit holders:

Advance pay credit: 3% of the amount of tax received by the Treasurer of State by the 18th day of the month for which the tax is paid.

Discount: On the balance of tax due (after the advance payment) if received by the Treasurer of State by the 10th day of the following month, the smaller of the following: 0.3% of the amount of the advance payment, or 3% of the net amount of tax due after deducting the advance payment.

Wine and mixed beverage permit holders:

3% discount on the amount of monthly payment if the payment is received on or before the 18th of the month for the previous month's tax liability.

EXEMPTIONS AND REFUNDS (R.C. 4301.23, 4303.332, 4303.333, 4307.05):

1) Sacramental wine used in religious rites.

2) Any licensed Ohio brewer whose total production, wherever produced, does not exceed 31,000,000 gallons in a calendar year will receive a credit against his excise tax the following year and a refund on any excise tax paid during the current year on up to 9,300,000 gallons of beer distributed in Ohio.

3) Any licensed Ohio wine producer whose sales in Ohio do not exceed 500,000 gallons in a calendar year will be granted an exemption from the excise tax during the following year and a refund on any excise tax paid during the current year.

DISPOSITION OF REVENUE (R.C. 924.51-924.55, 4301.43, 4301.432, 4301.46, 4305.01, 4307.02, 4309.04):

Grape Industries Special Account: 3¢ per gallon of the excise tax levied on wine is paid into this account to provide funds for research, development, and marketing of grape products in Ohio.

General Revenue Fund: Remainder of excise tax levied on wine and all of the excise tax levied on beer, malt beverages, mixed beverages, wort and malt.

OHIO REVISED CODE CITATIONS:

Chapters 924, 4301, 4303, 4305, 4307, 4309.

Table 9

ALCOHOLIC BEVERAGE TAX PAYMENTS AND CREDITS, FISCAL YEAR 1986

Type of Beverage	Gross Tax	Credits And Discounts	Net Tax Receipts
Beer and Malt Beverage			
Advance Tax Payments	$31,855,378	893,587	$30,961,791
Payment With Return	4,875,882	95,860	4,780,022
Other Payments	584	-	584
Total	$36,731,844	$ 989,447	$35,742,397
Wine and Mixed Beverages			
Payment With Return	$ 7,979,245	$ 242,439	$ 7,736,806
Other Payments	435	-	435
Total	$ 7,979,680	$ 242,439	$ 7,737,241
Brewers' Wort and Malt			
Payment With Return	542	-	542
Grand Total	$44,712,066	$1,231,886	$43,480,180

Table 10

ALCOHOLIC BEVERAGE TAX LIABILITY, AS REPORTED ON RETURNS, FISCAL YEARS 1984, 1985, AND 1986

	Amount Of Tax Liability		
Type of Beverage	1984	1985	1986
Beer and Malt Beverage	$36,021,541	$37,524,631	$35,817,518
Wine 14% or less alcohol	2,645,612	2,975,999	3,321,351
Wine 14-21% alcohol	1,354,849	1,274,522	1,343,475
Mixed Beverages	925,923	1,158,413	1,329,531
Vermouth	160,422	163,472	141,136
Sparkling Wine	1,204,680	1,280,188	1,080,361
Total	$42,313,027	$44,377,225	$43,033,372

Note: Amounts represent tax liability as opposed to tax payments in Table 9.

CIGARETTE TAX

An excise tax on cigarettes has been levied in Ohio since 1931. From an initial tax of two cents per pack, the rate was increased gradually over the years until it reached fifteen cents per pack in 1971. This rate remained in effect until 1981, when it was reduced to fourteen cents. At that time, however, cigarettes became subject to the Ohio sales tax.

The excise tax on cigarettes is made up of two separate levies on each cigarette: one levy of .65¢ and the other .05¢ for a total of 0.7¢ per cigarette, or 14¢ per standard package of 20 cigarettes. The tax is paid primarily by wholesale dealers through the purchase of stamps or meter impressions (tax indicia) that are affixed to cigarette packs. The Ohio Tax Commissioner may authorize dealers to purchase the tax indicia on credit payable within thirty days. Over 80% of the tax stamps and meter impressions are purchased on a credit basis. Retailers, individuals, and other consumers are responsible for paying the tax on cigarettes not taxed at the wholesale dealer level.

The .65¢ levy is credited to the state general revenue fund while receipts from the .05¢ tax are earmarked for retirement of educational, recreational, and public building construction bonds. In fiscal year 1986, total receipts were $184.7 million.

TAX BASE:

The sale of cigarettes in Ohio (R.C. 5743.02, 5743.023).

The use, consumption, or storage for consumption of cigarettes in Ohio (R.C. 5743.32, 5743.322).

RATES:

Although the tax enacted applies to each cigarette, the rates below are in terms of packs of 20 and 25 cigarettes.

Ohio Revised Code Section	Tax Rate Per Pack of 20	Tax Rate Per Pack of 25
5743.02 (Sale) 5743.32 (Use)	13¢	16.25¢
5743.023 (Sale) 5743.322 (Use)	1¢	1.25¢
Total Rate Per Pack	14¢	17.50¢

EXEMPTION (R.C. 5743.05):

Cigarettes sold in interstate or foreign commerce or to United States appropriated fund activities.

TAXPAYER (R.C. 5743.01):

Wholesale Dealer: Those who purchase cigarettes directly from manufacturers, producers, and importers; and who then sell cigarettes to others (retailers) for the purpose of resale.

Retail Dealer: Includes everyone, other than a wholesale dealer, engaged in the sale of cigarettes. Retailer dealers must remit the tax on any cigarettes not previously taxed.

Persons: Individuals, companies, and other consumers who have cigarettes in their possession on which the excise tax has not been paid.

METHOD OF TAX PAYMENT:

Over 80% of the cigarette excise tax is paid through credit purchases of stamp and meter impressions and almost 20% by cash payment. When it is more practicable to collect the tax without the use of stamps or meter impressions (for example, manufacturers' gift samples), the tax is paid with returns or by direct payment to the Ohio Treasurer of State.

Method of Payment	Ohio Revised Code Section	Description of Payment
Credit Payment	5743.05	The Tax Commissioner may authorize wholesale dealers to purchase stamps and meter impressions on credit payable within thirty days. For out-of-state dealers, this applies only if that state allows Ohio dealers the same credit.
Cash Payment	5743.03	Dealers are required to pay for stamps and meter impressions at the time of purchase unless they have been authorized to make credit purchases.
Direct Payment	5743.33	Direct payments are made primarily by manufacturers on gift samples of cigarettes, but also include assessments and deficiency payments, and voluntary payments by consumers.

TAX RETURN DATES:

Wholesale dealers are required to file a semi-annual return even though they may have paid all their tax through the purchase of stamps and meter impressions. Any payment due on cigarettes not previously taxed is included.

Others who have untaxed cigarettes file a monthly use tax return along with their tax.

Type of Return	Filing Date	Revised Code Section	Taxpayer
Semi-annual	By July 31 for the preceding January-June period. By January 31 for the preceding July-December period	5743.03	Wholesale dealers
Monthly	By the 15th of each month for the preceding month	5743.33	Use tax returns

DISCOUNT (R.C. 5743.05):

As a consideration for affixing and cancelling cigarette stamps and meter impressions, retail and wholesale dealers receive a discount of 3.6% of 13/14 of the face value of stamps and meter impressions whether purchased for cash or on credit. The discount does not apply to use tax return payments.

SPECIAL PROVISIONS (R.C. 5743.024):

Counties may, with voter approval, levy a permissive cigarette tax of up to 2.25 mills per cigarette. The levy must specify the purposes of the permissive levy revenue.

DISPOSITION OF REVENUE:

Tax Rate	Revised Code Section	Disposition of Revenue
0.65¢ per cigarette	5743.02	State General Revenue Fund
0.05¢ per cigarette	5743.023	Payment for retirement of bonds issued pursuant to Article VIII, Section 2f of the Ohio Constitution

OHIO REVISED CODE CITATIONS:

Chapter 5743.

RECENT LEGISLATION:

H.B. 583, effective February 20, 1986.

R.C. 5743.024: Allows counties to levy a permissive cigarette tax of up 2.25 mills per cigarette. Revenue from this tax is to be used for specified purposes.

Table 11

CIGARETTE EXCISE TAX RECEIPTS
FISCAL YEAR 1986

Type of Payment	Gross Tax	Discount Allowed	Net Tax Collected
Credit Payments	$166,334,325	$5,562,053	$160,772,272
Cash Payments	24,248,158	810,834	23,437,324
Direct Payments	474,183	- -	474,183
Total	$191,056,666	$6,372,887	$184,683,779

SOURCE: Treasurer of State.

CORPORATION FRANCHISE TAX

The Ohio corporation franchise tax has two alternative tax bases: a net worth base and a net income base. Corporations are required to compute their tax liability under each base and pay the higher of the two, except for financial institutions which compute their tax only on net worth. Net collections from the tax were $802.2 million in fiscal year 1986.

The tables in this section show data on the distribution of the corporation franchise tax among the alternative tax bases for various industrial classifications and tax liability classes. The data for these tables were taken from the franchise tax reports filed for tax year 1985. Nearly all such reports were filed in the period between January and May of 1985. Therefore, taxes from these reports were primarily collected during fiscal year 1985. The total reported liability after credits for all corporations except financial institutions for tax year 1985 was $661.6 million. The reported liability (including surtax) before credits was $718.6 million, but tax credits reduced the net liability to $661.6 million. About 77.0% of the total tax liability before credits was based on net income compared to 21.2% based on net worth. The remainder of the tax was either collected from the minimum tax or the proper tax base was not reported. While about 77% of the tax liability was based on net income, only about 32% of the corporations paid the tax on net income. About 33% of the corporations paid the tax based on net worth and another 35% paid the minimum tax. These data exclude the reports of financial institutions which are shown in the final table.

TAX BASE (R.C. 5709.65, 5733.05, 5733.051):

The total value of the corporation's issued and outstanding shares of stock (corporations doing business only in Ohio), or the portion of the value of its issued and outstanding shares of stock attributable to Ohio (corporations doing business both inside and outside of Ohio) forms the base of the corporation franchise tax. Two alternative methods are provided for the measurement of this value:

1. Net Worth Base

This is determined by computing the total book value of the corporation's capital, surplus, undivided profits, and reserves (unless excluded by statute -- see **"Exemptions and Exclusions"** section). For calendar year corporations, net worth is determined as of the end of the preceding calendar year; for fiscal year corporations, net worth is determined as of the end of the fiscal year ending in the preceding calendar year. The Ohio net worth of interstate corporations is apportioned to Ohio -- 50% on the basis of property owned and used in Ohio and 50% on the basis of business done in Ohio. (For sales of tangible personal property, business done is determined by the final destination of the property sold; other sales are allocated according to where the income-producing activity takes place.) For interstate corporations, the formula for determining Ohio net worth is as follows:

$$\text{Taxable Value} = \frac{\text{Book Value of Ohio Property}^*}{\text{Book Value of Total Property}^*} \times \frac{\text{Share Value}}{2} + \frac{\text{Ohio Business}}{\text{Total Business}} \times \frac{\text{Share Value}}{2}$$

* Excludes value of pollution control, coal conversion, solid waste energy conversion, thermal efficiency improvement, energy conversion facilities, qualified property in an enterprise zone, and property used exclusively for qualified research.

2. Net Income Base (Does not apply to financial institutions)

This is determined by the corporation's Ohio net income (equal to the Ohio portion of federal taxable income with exclusions and additions required by state statute -- see **"Exemptions and Exclusions"** and **"Special Provisions"** sections). For calendar year corporations, net income is computed for the preceding calendar year; for fiscal year corporations, net income is computed for the fiscal year ending in the preceding calendar year. For corporations operating only in Ohio, the total net income of the corporation is attributable to Ohio. For interstate corporations, income is allocated or apportioned to Ohio as follows:

TAX BASE (con't.):

a) Allocated Income

The following types of income are allocated within or without Ohio on the basis of location, commercial situs, situs at time of sale, or location of business activity:

1) net rents and royalties from real and personal property;
2) capital gains and losses from the sale or other disposition of real, tangible, and intangible property;
3) dividends;
4) net patent and copyright royalties (not representing principal source of gross receipts);
5) technical assistance fees.

b) Apportioned Income

Income from all non-allocated sources is apportioned to Ohio according to a three-factor formula with equally-weighted property and payroll factors and a double-weighted sales factor as follows (unless Tax Commissioner approves or requires alternative method of apportionment):

$$\text{Ohio Apportioned Net Income} = \text{Total Net Corporation Apportionable Income} \times \frac{\text{Property + Payroll + Sales + Sales Factors}}{4^{*}}$$

* Reduced by number of factors with a denominator of zero.

These factors are computed as follows:

$$\text{Property Factor}^{*} = \frac{\text{Average cost of owned or rented real and tangible personal property used in business in Ohio}}{\text{Average cost of such property used everywhere}}$$

$$\text{Payroll Factor}^{\dagger} = \frac{\text{Total compensation paid in Ohio}}{\text{Total compensation paid everywhere}}$$

$$\text{Sales Factor}^{\#} = \frac{\text{Sales in Ohio}}{\text{Sales everywhere}}$$

* Excludes cost of pollution control, coal conversion, solid waste energy conversion, thermal efficiency improvement, energy conversion facilities, property that generates rental income, property in a qualified facility in an enterprise zone, and property used exclusively for qualified research.

† Excludes compensation to certain employees at a qualified facility in an enterprise zone, and compensation to employees engaged in qualified research.

For sales of tangible personal property, sales inside and outside of Ohio are determined by the final destination of the property sold; other sales are sitused according to where the income-producing activity takes place. Sales included under allocated income are not included in this factor.

c) Allocated and Apportioned Income

The sum of Ohio's allocable and apportionable income equals Ohio taxable net income to which the tax rate is applied.

RATES:

I. General Rates for all corporations except Financial Institutions (R.C. 5733.06):

The tax rates for the two alternative tax bases are:

Net Worth -- 5.82 mills on the taxable value of the corporation; or

Net Income -- 5.1% on the first $25,000 of Ohio taxable income plus 9.2% on Ohio taxable income in excess of $25,000.

Corporations pay the greater of the two tax liabilities computed under the alternative tax bases, (after deducting credits)--with a minimum tax liability of $50 for all corporations. Corporations which pay on net income are subject to a 5.4% surtax (2.7% for tax year 1987 and no surtax after 1987).

II. Additional Litter Tax Rates (expire after tax year 1991) (Section 5 of H.B. 238, effective July 1, 1985):

A. The tax rates for the two alternative tax bases for all corporations except "litter stream corporations" and financial institutions are:

Net Worth -- 0.14 mill on the taxable value of the corporation; or

Net Income -- 0.11% on the first $25,000 of Ohio taxable income plus 0.22% on Ohio taxable income in excess of $25,000.

The additional tax charged any taxpayer or group of combined taxpayers under these rates is limited to a maximum of $5,000.

B. The litter tax rates for the two alternative tax bases for corporations manufacturing or selling "litter stream products"* are:

Net Worth -- 0.28 mill on the taxable value of the corporation; or

Net Income -- 0.11% on the first $25,000 of Ohio taxable income plus 0.44% on Ohio taxable income in excess of $25,000.

The additional tax charged any taxpayer or group of combined taxpayers under these rates is limited to a maximum of $10,000.

*"Litter stream products" include: (1) alcoholic beverages; (2) soft drinks; (3) soft drink and alcoholic beverage containers and container closures; (4) packaging materials for alcoholic beverages and soft drinks; (5) packaging materials used in serving take-out food; and (6) cigarettes, cigars, tobacco, matches, candy and gum. Manufacturers are subject to this additional tax if the sale of litter stream products exceeds 5% of total sales or total sales of litter stream products in Ohio exceed $10 million. Corporations selling litter stream products are not subject to the tax unless litter stream products account for at least 5% of total sales. Restaurants are not subject to the tax unless at least 5% of their sales are take-out sales.

III. Financial Institutions Rate (R.C. 5733.06 and Section 167 of H.B. 291 effective July 1, 1983).

A. Rates on net worth (net income base does not apply)

1. Tax years 1984 and 1985--21.47 mills for savings and loans
--16.54 mills for all other financial institutions

2. Tax years 1986 and thereafter--15 mills

CREDITS (R.C. 5709.65, 5733.061, 5733.062, 5733.063):

Credits allowed are:

(1) A credit equal to the difference between (1) the tangible property taxes actually paid in the taxable year on machinery and equipment used in manufacturing or refining and acquired in 1978 and thereafter; and (2) the taxes that would have been paid on such property if it had been assessed at 20% (this percentage will increase by one percentage point per year over the period from 1989-1993) of true value instead of the actual percentage. If this credit exceeds the franchise tax liability in any year, the excess credit may be carried forward to offset liability for the following 3 years.

(2) A credit equal to 10% of the cost of acquiring and installing solar, wind, or hydrothermal energy systems on or before December 31, 1985, in buildings owned and operated by the corporation in Ohio. This credit may not exceed the tax liability and can only be taken in the taxable year the system is installed — no carryover of excess credit is allowed.

(3) A credit equal to 50% of cash donations for litter control made to municipalities, counties, and townships which qualify for grants from the litter control and recycling special account. This credit is limited to 50% of the additional tax liability from the litter tax rates. This credit expires after tax year 1991.

(4) A credit for qualified non-retail corporations locating in "urban jobs and enterprise zones" equal to:

- a) the amount reimbursed to specified employees for the cost of day care services up to a maximum of $300 per child;
- b) the amount reimbursed to specified employees for training costs up to a maximum of $1,000 per employee.

(5) A credit equal to the difference between the assessment paid by a state-chartered savings and loan association to the Division of Savings and Loans and the amount paid in supervisory fees to the Federal Savings and Loan Insurance Corporation (FSLIC) or in the case of an association not insured by the FSLIC, the amount it would have paid if so insured.

EXEMPTIONS AND EXCLUSIONS:

Corporations not subject to tax (R.C. 1733.43, 5733.01, 5733.09, and 5733.10):

1. nonprofit corporations (except certain agricultural and consumer cooperatives);
2. municipal corporations;
3. public utilities subject to public utility excise tax;
4. credit unions;
5. dealers in intangibles subject to intangibles taxes imposed by R.C. 5707.03;
6. corporations required to file annual reports with the superintendent of insurance;
7. "real estate investment trust" and "regulated investment companies" as defined in the Internal Revenue Code;
8. corporations electing treatment as "S" corporations under the Internal Revenue Code (effective for tax year 1987).

Assets excluded when computing the corporation's net worth (R.C. 5709.25, 5709.35, 5709.50, 5709.65, 5733.05 5915.29):

1. certain valuation reserves;
2. taxes due and payable;
3. good will, appreciation, and abandoned property;
4. specified investments in public utilities, insurance companies, and financial institutions in which the taxpayer has the ownership interests as required by statute (investments and business attributed to these companies are also eliminated in determining the property and business fractions for apportioning net worth);

EXEMPTIONS AND EXCLUSIONS (cont'd):

5. certified Ohio pollution control facilities;
6. certain facilities designed to convert coal into other fuels or to desulphurize coal (assests excluded for 30 years);
7. certified Ohio civil defense structures;
8. certified Ohio energy conversion, thermal efficiency improvement, and solid waste energy conversion facilities;
9. voting stock and participation certificates of production credit associations;
10. land in Ohio valued for real estate tax purposes as land devoted exclusively to agricultural use;
11. property within Ohio used exclusively for qualified research.

Exempt income and deductions from the net income base (R.C. 5733.04, 5709.35):

1. certain income from sources outside the United States;
2. specified dividends from other corporations;
3. dividends received from public utilities, insurance companies, and financial institutions in which the taxpayer has the ownership interests required by statute (receipts from these companies are eliminated in determining the sales factor for apportioning net income);
4. gains from the sale of capital assets where such gains occurred prior to addition of income base (losses from such sales may not be deducted from income);
5. income arising from facilities designed to convert coal into other fuels or to desulphurize coal (exempt for 30 years);
6. amount of payroll excluded for the federal "targeted jobs credit";
7. net interest income on obligations of the federal government.

TAXPAYER (R.C. 5733.01):

Corporate franchise tax is imposed on all domestic corporations organized for profit under Ohio law, except corporations which are exempted by statute. The tax must also be paid by nonprofit agricultural and consumer cooperatives which are organized under Chapter 1729 of the Ohio Revised Code. All foreign corporations organized for profit which are doing business in Ohio, or authorized to do business in Ohio, must also pay the corporate franchise tax. Small business corporations that elect under federal law not to be subject to the federal corporate income tax are still subject to the Ohio corporate franchise tax. The tax is imposed for the privilege of doing business in Ohio during the year in which the tax is payable.

PAYMENT DATES (R.C. 5703.47, 5733.02, 5733.021, 5733.13):

January 31 -- By this date, the corporation must file either the annual report and make full payment of the tax due, or an estimated report of its full tax liability and pay one-third of that estimated liability. If the estimated full tax liability is less than the minimum tax of $50, the corporation must make full payment of $50.

March 31 -- By this date, the corporation must file either the annual report and pay the difference between its full liability and first estimated payment, or (if a time extension has been granted by the Tax Commissioner) it must file an extension request and pay another one-third of its estimated tax liability

May 31 -- By this date, a corporation which received an extension of time for filing past March 31 must either file the annual report and pay the difference between its full liability and its estimated payments made earlier, or pay the remaining one-third of its estimated tax liability (if it is granted an extension for filing past May 31). A corporation receiving this extension must file its annual report and pay any remaining tax liability by the 15th day of the month following the final due date for filing its federal corporation income tax return.

The interest rate charged on any underpayment of estimated tax payments in a year is determined from the discount rate at the Cleveland federal reserve bank as of October 15 of the previous year.

DISPOSITION OF REVENUE (R.C. 5733.12):

The amount appropriated annually for administration of the "litter" tax is credited to the litter control and recycling tax administration account. In addition, $5 million is credited to the litter control and recycling account every six-month period through June, 1991. Remainder is credited to the state General Revenue Fund with 15.4% subsequently transferred to the Local Government Fund.

OHIO REVISED CODE CITATIONS:

Chapter 5733.

ADMINISTRATIVE FEATURES (R.C. 5733.02, 5733.11, 5733.052):

Shared Administration:

Although tax payments and annual reports of corporations are filed with the Treasurer of State, the Tax Commissioner is principal administrator of the tax, with the Treasurer acting as collector of the tax. All corporate franchise reports received by the Treasurer are transmitted to the Commissioner showing the amount of tax remitted with the report and the date it was received. If a corporation required to file a report fails to file the report within the prescribed time, files an incorrect report, or fails to remit the full amount of the tax due, the Commissioner may make an assessment against the corporation for the tax due.

Combined Report:

When more than half of the capital stock with voting rights of a corporation is owned or controlled by another corporation, the Tax Commissioner is authorized to permit or require the combining of net income for purposes of calculating the tax base. Two or more corporations subject to the tax which meet the above ownership requirements may elect to file a combined report if the combination sets forth the information required by the Commissioner and each of the corporations has non-dividend income from sources within Ohio. Once made, this election may not be changed by the taxpayer without the Commissioner's consent. (See Tax Commissioner Rule 5703-5-06).

SPECIAL PROVISIONS (R.C. 5733.041)

A portion of the depreciation deduction is required to be added back to net income. The amount added back equals 25% of the depreciation deduction allowed under Section 168 of the Internal Revenue Code (Accelerated Cost Recovery System Depreciation). One-fifth of the depreciation added back to net income may be deducted from net income in each of the next 5 tax years if tax was paid on the net income basis in the year the depreciation was added back.

RECENT LEGISLATION:

House Bill 238, effective July 1, 1985

R.C. 5733.05: Excludes value of property used exclusively for qualified research from net worth base and from the calculation of property factors for both net income and net worth apportionment formulas. Excludes compensation for qualified research from the calculation of the payroll factor for the net income apportionment percentage. This exclusion first applies in tax year 1987.

R.C. 5733.06: Reduces surtax applied to income base liabilities from 5.4% to 2.7% for tax year 1987 and repeals surtax for tax year 1988 and thereafter.

Section 5: Extends additional litter tax rates for tax years 1987 through 1991.

Section 7: Extends crediting of $5 million to litter control and recycling account every six months through June, 1991. Extends additional litter tax rate on "litter-stream" corporations through 1991. Also extends credit for litter-control donations through 1991.

RECENT LEGISLATION (cont'd):

Senate Bill 123, effective September 23, 1985

R.C. 5733.05: Abolishes the requirement that corporations file certified balance sheets to support claims to exclude good will, appreciation, and abandoned property from net worth unless requested by Tax Commissioner.

Senate Bill 121, effective October 17, 1985

R.C. 5733.01 and 5733.09: Exempts "S" corporations from the franchise tax. "S" Corporations are corporations electing under federal law not to be subject to the federal corporate income tax. Corporations must file notice of such elections with the Tax Commissioner. This exemption first applies in tax year 1987.

House Bill 750, effective April 5, 1986

R.C. 5709.30 and 5709.31: Expands definition of conversion facility to include "coal research and development projects" for exemption purposes.

RECENT SIGNIFICANT COURT DECISIONS:

Hanna Mining Co. v. Limbach, 20 Ohio St. 3d 3 (1985)

The requirement that an application for refund of Ohio corporation franchise tax be filed "within three years of the date of the illegal or erroneous payment of the tax" takes effect, as to estimated payments of the tax, at the time that the corporation franchise tax report is timely filed or should have been filed whichever is earlier.

Clyde Williams Enterprises, Inc. v. Limbach, BTA Case No. 85-D-132 (May 19, 1986)

The Board of Tax Appeals, held that for the purpose of computing the capital gain valuation limitation, the first taxable year on which its corporation franchise tax was computed on the net-income basis was its accounting year which closed after December 20, 1971, the date of enactment of the net income based tax.

MTD Products, Inc. v. Limbach, BTA Case No. 84-C-120 (June 10, 1986)

The acquiring corporation did not succeed to the loss of a merged corporation because the merged corporation was not an Ohio "taxpayer" at the time the loss was originally sustained. Moreover, the acquiring corporation could not combine its income and factors with the merged corporation because the merged corporation was not an Ohio taxpayer.

R.H. Macy & Co., Inc. v. Limbach, (August 6, 1986) 25 Ohio St. 3d 218

The burden is on the party wishing to depart from the apportionment formula to prove that another method more fairly represents the extent of its business activities in Ohio. In considering a request for use of separate accounting, it is appropriate to examine the "unitary" nature of the business. Although the Board of Tax Appeals could have found a horizontally organized retailer to be a unitary business required to apportion its income, its decision otherwise was not unreasonable or unlawful.

Englehard Hanovia, Inc. v. Limbach, BTA Case Nos. 83-C-1080 and 83-C-1081 (Sept. 3, 1986)

Gross receipts generated by the sale of long-term securities are included in the net worth business done factor when there is a permanent commitment of a segregated or predetermined share of capital to an investment or enterprise; where the sales of securities are not actuated by the immediate needs from day to day for cash to support other business activities and where such activity is primarily for the greatest profit obtainable in the securities market.

RECENT SIGNIFICANT COURT DECISIONS (cont'd):

Peter A. Frasse & Co., Inc. v. Limbach, BTA Case Nos. 84-A-325 & 326 (August 27, 1986)

The Tax Commissioner properly denied spearate accounting where the taxpayer's Ohio operations were dependent upon, and interrelated with the corporation as a whole. The fact that the taxpayer's income as determined by separate accounting showed a loss, while its income determined using the standard formula was positive, did not, standing alone, mean that business activities unrelated to Ohio were taxed.

Table 12

CORPORATE FRANCHISE TAX COLLECTIONS, FISCAL YEARS 1982-1986

Fiscal Year	Gross Tax Collections	Refunds	Net Tax Collections
1982	$670,041,558	$ 33,030,170	$637,011,388
1983	615,472,766	134,448,763*	481,024,003
1984	713,850,212	57,423,435	656,426,777
1985	831,361,296	98,695,314	732,665,982
1986	883,517,006	81,348,121	802,168,885

* Increase due primarily to court decisions requiring refunds.

SOURCE: Ohio Office of Budget and Management.

Table 13

NUMBER OF CORPORATIONS, BY TAX BASE AND INDUSTRY, TAX YEAR 1985

Industry	Number of Corporations by Tax Base				
	Minimum	Net Worth	Net Income	Not Reported(a)	Total
Agriculture & Forestry	110	125	69	0	304
Mining	704	792	449	6	1,951
Construction	4,172	4,065	2,957	21	11,215
Manufacturing	3,729	5,944	6,169	43	15,885
Transportation	1,625	1,395	1,476	12	4,508
Wholesale Trade	2,731	3,801	3,923	19	10,474
Retail Trade	6,299	7,479	6,770	31	20,579
Finance	5,338	6,031	4,299	36	15,704
Service	10,839	9,598	11,664	49	32,150
Unknown(b)	11,606	6,219	5,323	52	23,200
Total	47,153	45,449	43,099	269	135,970

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

(b) Industry classification was not indicated by taxpayer.

Table 14

NUMBER OF CORPORATIONS, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1985

Tax Liability Class	Number of Corporations By Tax Base				
	Minimum	Net Worth	Net Income	Not Reported(a)	Total
Minimum	47,153	-	-	-	47,153
$ 50 - 1,000	-	27,380	11,569	101	39,050
1,000 - 2,000	-	6,282	7,074	31	13,387
2,000 - 3,000	-	5,094	6,593	40	11,727
3,000 - 4,000	-	2,036	3,220	7	5,263
4,000 - 5,000	-	1,094	2,534	6	3,634
5,000 - 10,000	-	644	1,945	6	2,595
10,000 - 15,000	-	1,369	4,449	18	5,836
15,000 - 20,000	-	481	1,534	3	2,018
20,000 - 25,000	-	238	892	3	1,133
25,000 - 30,000	-	158	580	1	739
30,000 - 35,000	-	106	390	2	498
35,000 - 50,000	-	206	685	8	899
50,000 - 100,000	-	200	863	17	1,080
100,000 - 200,000	-	58	294	11	363
200,000 - 500,000	-	75	336	12	423
$500,000 & Over	-	28	141	3	172
Total	47,153	45,449	43,099	269	135,970

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

Table 15

REPORTED TAX LIABILITY, BY TAX BASE AND INDUSTRY, TAX YEAR 1985

	Tax Liability Before Surtax and Credits By Tax Base										
Industry	Minimum	Net Worth	Net Income	Not Reported[(a)]	Total	Surtax	Litter[(b)] Tax (Tier 1)	Litter[(b)] Tax (Tier 2)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
Agriculture & Forestry	$ 5,600	$ 204,664	$ 237,970	-0-	$ 448,234	$ 13,322	$ 10,298	$ 646	$ 11,343	-0-	$ 461,158
Mining	58,187	7,617,062	8,534,368	$ 355,444	16,565,061	463,824	282,914	229	607,618	250	16,704,317
Construction	236,336	5,286,307	12,868,524	151,091	18,542,258	995,809	392,406	11,611	210,584	26	19,737,227
Manufacturing	322,246	71,692,097	285,225,896	4,666,070	361,906,309	15,631,656	4,267,834	241,941	60,037,749	509,972	329,049,296
Transportation	154,465	5,484 774	21,068,101	507,417	27,214,757	1,171,721	447,066	5,626	177,396	1,453	28,701,212
Wholesale Trade	169,276	9,790,619	48,743,593	502,845	59,206,333	2,664,154	1,127,691	92,496	1,179,183	3,319	61,984,664
Retail Trade	396,441	13,922,855	64,353,781	894,097	79,567,174	3,540,406	1,313,695	209,357	260,171	18,947	84,358,344
Finance	365,100	14,032,679	18,125,596	792,879	33,316,254	1,005,538	696,865	30,647	417,762	-0-	34,658,845
Service	654,681	7,308,514	39,457,994	493,136	47,914,325	2,153,457	1,083,964	41,982	361,494	189	50,983,815
Unknown[(c)]	1,118,161	8,761,375	23,886,276	304,481	34,070,293	1,312,262	640,899	38,374	1,156,302	565	34,929,944
Total	$3,480,493	$144,100,946	$522,502,099	$8,667,460	$678,750,998	$28,952,149	$10,263,631	$672,909	$64,419,602	$534,721	$661,568,822

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

(b) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

(c) Industry classification was not indicated by taxpayer.

Table 16

REPORTED TAX LIABILITY, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1985

Tax Liability Class	Tax Liability Before Surtax and Credits By Tax Base: Minimum	Net Worth	Net Income	Not Reported[a]	Total	Surtax	Litter[b] Tax (Tier 1)	Litter[b] Tax (Tier 2)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
Minimum	$3,480,493	--	--	--	$ 3,480,493	$ 6,447	$ 14,697	$ 3,873	$ 1,818,690	-0-	$ 3,501,082
$ 150 - 1,000	--	$ 14,007,044	$ 4,489,462	$ 9,858	18,506,364	253,403	321,416	35,072	17,356,113	$451,300	7,356,233
1,000 - 2,000	--	4,590,329	4,875,118	23,712	9,489,159	271,283	231,255	9,744	328,149	4,042	9,669,202
2,000 - 3,000	--	7,284,594	8,698,442	56,618	16,039,654	486,592	388,248	21,661	513,758	189	16,422,261
3,000 - 4,000	--	5,004,662	7,546,041	16,183	12,566,886	412,611	311,992	21,591	351,155	-0-	12,961,929
4,000 - 5,000	--	3,896,506	8,421,453	21,470	12,339,429	464,794	298,064	22,667	465,403	2,312	12,657,244
5,000 - 10,000	--	2,932,372	8,270,372	27,671	11,230,415	454,188	268,355	17,880	378,172	-0-	11,592,669
10,000 - 15,000	--	9,955,677	29,652,209	125,515	39,733,401	1,623,600	963,751	72,752	1,364,327	53,811	40,992,034
15,000 - 20,000	--	6,212,704	17,772,959	34,211	24,019,874	977,936	578,981	28,752	1,018,009	-0-	24,587,537
20,000 - 25,000	--	4,552,125	14,778,230	51,914	19,382,269	800,452	451,369	36,337	1,010,147	1,500	19,658,782
25,000 - 30,000	--	3,716,447	12,482,507	24,838	16,223,792	675,609	382,957	15,733	734,845	-0-	16,563,250
30,000 - 35,000	--	3,067,468	10,205,434	51,220	13,324,122	549,531	311,054	16,943	590,941	608	13,610,103
35,000 - 50,000	--	8,139,945	23,704,228	311,313	32,155,486	1,297,460	748,296	31,398	1,496,880	691	32,735,122
50,000 - 100,000	--	14,237,531	53,194,686	1,035,619	68,467,836	2,932,580	1,531,577	71,255	3,908,740	1,994	69,092,526
100,000 - 200,000	--	7,906,086	33,489,543	1,302,374	42,698,003	1,855,572	961,000	58,961	2,503,836	500	43,069,201
200,000 - 500,000	--	19,950,473	78,818,683	3,011,221	101,780,377	4,652,600	1,738,544	118,445	5,535,887	14,091	102,739,992
$500,000 & Over	--	28,646,983	206,102,732	2,563,723	237,313,438	11,237,491	762,075	89,845	25,044,550	3,683	224,359,655
Total	$3,480,493	$144,100,946	$522,502,099	$8,667,460	$678,750,998	$28,952,149	$10,263,631	$672,909	$64,419,602	$534,721	$661,568,822

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax pace for these corporations.

(b) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

Table 17

NUMBER OF MANUFACTURING CORPORATIONS BY TAX BASE AND INDUSTRY CLASSIFICATION, TAX YEAR 1985

Industry	Number of Corporations By Tax Base				
	Minimum	Net Worth	Net Income	Not Reported[(a)]	Total
Food	240	392	405	4	1,041
Tobacco Manufactures	4	6	10	--	20
Textile Mill Products	9	29	28	--	66
Apparel and Other Textiles	63	89	96	--	248
Lumber and Wood Products	106	226	172	2	506
Furniture and Fixtures	68	96	91	2	257
Paper	46	120	162	1	329
Printing and Publishing	363	439	653	2	1,457
Chemicals	194	321	418	3	936
Petroleum and Coal	45	74	40	0	159
Rubber and Plastics	193	285	401	7	886
Leather Products	10	32	20	--	62
Stone, Clay & Glass Products	155	283	209	1	648
Primary Metal	134	221	132	1	488
Fabricated Metal	881	1,501	1,643	7	4,032
Machinery (non-electrical)	393	756	573	1	1,723
Electrical Machinery	323	441	439	2	1,205
Transportation Equipment	143	187	161	1	492
Instruments and Related Products	95	131	118	4	348
Miscellaneous Manufacturing	264	315	398	5	982
Total	3,729	5,944	6,169	43	15,885

(a) Data as initially supplied by taxpayers were insufficient to determine proper tax base for these corporations.

Table 18

NUMBER OF MANUFACTURING CORPORATIONS, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1985

Tax Liability Class	Number of Corporations By Tax Base				
	Minimum	Net Worth	Net Income	Not Reported[(a)]	Total
Minimum	3,729	-	-	-	3,729
$ 50 - 1,000	-	2,769	818	9	3,596
1,000 - 2,000	-	752	574	4	1,330
2,000 - 3,000	-	755	692	5	1,452
3,000 - 4,000	-	360	440	--	800
4,000 - 5,000	-	234	357	--	591
5,000 - 10,000	-	120	282	1	403
10,000 - 15,000	-	366	885	3	1,254
15,000 - 20,000	-	148	428	--	576
20,000 - 25,000	-	79	272	1	352
25,000 - 30,000	-	54	205	--	259
30,000 - 35,000	-	46	140	--	186
35,000 - 50,000	-	80	266	2	348
50,000 - 100,000	-	97	375	8	480
100,000 - 200,000	-	26	154	3	183
200,000 - 500,000	-	40	186	4	230
$500,000 & Over	-	18	95	3	116
Total	3,729	5,944	6,169	43	15,885

(a) Data as initially supplied by taxpayers were insufficient to determine the proper tax base for these corporations.

Table 19

REPORTED TAX LIABILITY FOR MANUFACTURING CORPORATIONS, BY TAX BASE AND INDUSTRY CLASSIFICATION
TAX YEAR 1985

Industry	Tax Liability Before Surtax and Credits By Tax Base: Minimum	Net Worth	Net Income	Not Reported[a]	Total	Surtax	Litter[b] Tax (Tier 1)	Litter[b] Tax (Tier 2)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
Food	$ 23,200	$ 3,125,275	$ 21,001,920	$ 636,612	$ 24,787,007	$ 1,164,430	$ 337,200	$104,211	$ 2,431,272	-0-	$ 23,980,193
Tobacco Manufactures	200	21,160	6,347,001	--	6,368,361	311,232	27,341	23,874	10,558	-0-	6,720,251
Textile Mill Products	512	270,233	595,779	--	866,524	32,173	21,183	-0-	35,411	40	884,432
Apparel and Other Textiles	3,350	278,477	1,573,153	--	1,854,980	84,539	45,561	4	71,349	-0-	1,915,140
Lumber and Wood Products	6,300	1,159,563	1,979,470	38,526	3,183,859	107,494	71,300	5,158	401,285	22,589	2,948,448
Furniture and Fixtures	4,100	301,953	2,429,648	121,430	2,857,131	131,389	51,825	2,068	80,808	351	2,963,207
Paper	2,650	2,825,751	7,227,271	507,450	10,563,122	390,841	189,512	3,635	1,797,250	440,780	9,349,261
Printing and Publishing	21,200	1,100,111	20,551,050	49,505	21,721,866	1,114,040	295,821	2,961	1,599,227	--	21,628,617
Chemicals	12,550	8,636,252	27,115,662	173,209	35,937,673	1,515,621	489,311	19,532	5,655,474	15,319	32,534,117
Petroleum and Coal	2,506	11,240,079	1,568,577	--	12,811,162	84,734	96,357	453	1,895,600	1,042	11,260,127
Rubber and Plastics	13,650	2,604,870	14,434,159	1,678,506	18,731,185	880,193	276,421	8,128	2,573,559	-0-	17,430,208
Leather Products	800	100,741	981,967	--	1,083,508	53,026	12,528	3	58,227	-0-	1,090,891
Stone, Clay & Glass Products	10,336	2,966,845	11,191,462	1,602	14,170,245	606,814	130,842	13,200	2,558,181	-0-	12,797,714
Primary Metal	70,350	8,386,833	6,808,086	7,363	15,272,632	370,516	211,714	4,144	7,442,076	-0-	11,162,057
Fabricated Metal	58,335	5,985,520	33,724,955	875,475	40,644,285	1,873,127	812,123	42,095	5,936,194	5,774	38,183,487
Machinery (non-electrical)	32,900	8,114,453	18,416,514	15,973	26,579,840	999,812	354,082	5,939	4,945,173	3,433	24,063,364
Electrical Machinery	28,107	6,171,928	40,522,698	59,018	46,781,751	2,188,566	372,440	2,299	5,328,181	17,983	44,035,922
Transportation Equipment	11,450	6,916,060	55,210,303	141,666	62,279,479	2,981,158	217,265	2,827	16,162,918	-0-	50,679,933
Instruments and Related Products	5,500	624,681	4,884,927	176,044	5,691,152	264,622	89,206	451	325,860	1,849	5,732,540
Miscellaneous Manufacturing	14,250	861,312	8,661,294	183,691	9,725,547	477,329	165,802	959	729,146	812	9,689,387
Total	$322,246	$71,692,097	$285,225,896	$4,666,070	$361,906,309	$15,631,656	$4,267,834	$241,941	$60,037,749	$509,972	$329,049,296

[a] Data as initially supplied were insufficient to determine the proper tax base for these corporations.

[b] Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporations.

Table 20

REPORTED TAX LIABILITY FOR MANUFACTURING CORPORATIONS, BY TAX BASE AND TAX LIABILITY CLASS, TAX YEAR 1985

	Tax Liability Before Surtax and Credits By Tax Base										
Tax Liability Class	Minimum	Net Worth	Net Income	Not Reported[a]	Total	Surtax	Litter[b] Tax (Tier 1)	Litter[b] Tax (Tier 2)	Property Tax Credits	Energy & Litter Credits	Tax Liability After Credits
Minimum	$322,246	-	-	-	$ 322,246	$ 413	$ 992	$ 494	$ 1,655,883	$ 0	$ 322,429
$ 50 - 1,000	-	$9,373,481	$1,721,120	$ 650	11,095,251	94,851	150,516	14,054	16,173,890	$447,464	606,727
1,000 - 2,000	-	673,378	484,943	2,890	1,161,211	26,749	27,223	745	241,333	3,567	971,030
2,000 - 3,000	-	1,323,227	1,071,689	8,232	2,403,148	58,320	56,269	1,485	452,387	-0-	2,066,838
3,000 - 4,000	-	1,007,787	1,155,113	-0-	2,162,900	62,795	53,181	628	306,037	-0-	1,973,469
4,000 - 5,000	-	980,364	1,361,492	-0-	2,341,856	76,631	55,139	10,463	411,719	1,747	2,070,626
5,000 - 10,000	-	617,183	1,376,896	4,062	1,998,141	74,787	48,424	5,378	313,702	-0-	1,813,031
10,000 - 15,000	-	3,136,470	6,366,715	18,603	9,521,788	351,844	223,889	18,003	1,236,773	37,316	8,858,101
15,000 - 20,000	-	2,198,499	5,276,619	-0-	7,475,118	285,513	185,879	9,120	921,858	-0-	7,033,773
20,000 - 25,000	-	1,749,557	4,704,778	15,973	6,470,308	254,912	150,074	4,405	759,831	-0-	6,119,870
25,000 - 30,000	-	1,415,593	4,640,472	-0-	6,056,065	249,808	140,741	1,951	641,248	-0-	5,807,318
30,000 - 35,000	-	1,449,466	3,867,638	-0-	5,317,104	206,046	121,845	6,678	550,934	-0-	5,100,740
35,000 - 50,000	-	3,375,208	9,649,798	75,691	13,100,697	533,280	310,566	8,173	1,230,314	-0-	12,722,405
50,000 - 100,000	-	7,683,685	24,319,010	517,212	32,519,907	1,357,345	734,185	22,443	3,602,618	1,854	31,029,416
100,000 - 200,000	-	3,797,907	18,175,341	388,749	22,561,997	988,106	509,922	22,820	2,129,819	500	21,752,527
200,000 - 500,000	-	11,620,573	45,140,139	1,070,284	57,830,996	2,482,928	968,780	57,728	4,945,288	14,091	56,381,053
$500,000 & Over	-	21,289,719	155,914,133	2,563,724	179,767,576	8,527,328	530,209	57,373	24,464,115	3,433	164,419,943
Total	$322,246	$71,692,097	$285,225,896	$4,666,070	$361,906,309	$15,631,656	$4,267,834	$241,941	$60,037,749	$509,972	$329,049,296

(a) Data as initially supplied by taxpayers were insufficient to determine proper tax base for these corporations.

(b) Tier 1 of litter tax is paid by all corporations. Tier 2 of litter tax is paid by only "litter stream" corporatons.

Table 21

NUMBER OF FINANCIAL INSTITUTIONS AND REPORTED TAX LIABILITY BY TYPE OF INSTITUTION, TAX YEAR 1985

	Number of Corporations by Type				Tax Liability by Type			
Tax Liability	Banks	Savings & Loans	Other	Total	Banks	Savings & Loans	Other	Total
$ 0 - $ 1,000	19	54	9	82	$ 633	$ 3,930	$ 43	$ 4,606
1,000 - 2,000	0	7	0	7	0	11,408	0	11,408
2,000 - 3,000	1	3	0	4	2,273	7,739	0	10,012
3,000 - 4,000	0	2	1	3	0	7,614	3,984	11,598
4,000 - 5,000	1	4	0	5	4,731	18,346	0	23,077
5,000 - 10,000	9	16	2	27	70,897	120,550	13,522	204,969
10,000 - 15,000	6	23	1	30	74,505	292,591	12,977	380,073
15,000 - 20,000	17	21	2	40	301,297	368,518	38,313	708,128
20,000 - 25,000	11	10	0	21	248,626	228,258	0	476,884
25,000 - 30,000	17	20	1	38	462,474	544,989	28,814	1,036,277
30,000 - 35,000	15	9	0	24	486,234	282,860	0	769,094
35,000 - 50,000	42	26	2	70	1,766,777	1,064,802	83,232	2,914,811
50,000 - 100,000	85	39	1	125	5,953,256	2,627,071	97,083	8,677,410
100,000 - 200,000	52	24	1	77	7,149,227	3,396,711	158,288	10,704,226
200,000 - 500,000	41	9	0	50	11,492,356	2,842,123	0	14,334,479
$500,000 & Over	29	10	0	39	49,332,570	9,050,809	0	58,383,379
Total	345	277	20	642	$77,345,856	$20,868,319	$436,256	$98,650,431

ENERGY CREDIT PROGRAM

The Ohio Energy Credit Program provides credits or direct cash payments for the winter heating bills of qualified elderly and disabled individuals. All applications for the program are filed with and processed by the Ohio Department of Taxation.

There were no changes in the eligibility requirements, level of benefits or administrative procedures for the 1985-86 Energy Credit Program heating season.

Table 22 shows the number of eligible applicants in each county by the type of heating fuel used to heat the residence for the 1985-86 heating season. The total number of applicants was 210,246. These 210,246 individuals received about $30 million in cash payments or utility bill credits for the 1985-86 heating season. Of this number, 50,247 had incomes less than $5,000, and 114,325 had incomes between $5,000 and $9,000. These applicants heated their households with gas, electricity or pipeline propane while the remaining 45,674 receiving the $125 cash payment heated their households with fuel oil, coal, wood, kerosene, or non-pipeline propane. Prior to the 1985-86 heating season the Auditor of State administered the Energy Credit Program. Beginning with the 1985-86 heating season the Department of Taxation assumed all functions of the Auditor of State regarding the Energy Credit program.

DESCRIPTION OF PROGRAM:

The 1985-1986 heating season program provided 25% and 30% credits on heating bills or a direct cash payment of $125 to qualified individuals. To qualify for the program, an individual must: (1) have been head of household or spouse; (2) turn 65 years of age during calendar year 1985; (3) have had total 1984 income or an expected 1985 income (including income of spouse) of $5,000 or less to receive a 30% credit, or have had total 1984 income or an expected 1985 income of more than $5,000 but less than $9,000 to receive a 25% discount.

Qualified applicants who heated their households with gas, electricity or propane delivered by pipeline were granted the percentage discount on the bills received for those fuels during the months of December, 1985 through April, 1986. Qualified applicants who heated their homes with fuel oil, bottled propane, coal, wood, or kerosene, shared a meter for heating fuel, or paid for heat included with their rent payments received the $125 cash payment.

The credits and direct payments which were given to eligible program participants are the result of the administrative efforts of the Tax Commissioner and the utility companies. The Tax Commissioner issued warrants to those individuals designated to receive a $125 cash payment. By the 18th of each month, the utility companies certified to the Tax Commissioner the total reduction in utility charges for the previous month as a result of this program. The Tax Commissioner reimbursed them for the amount certified within 30 days of receipt of certification. Additionally, the Tax Commissioner prescribed the certification procedure and forms for energy companies entitled to the reimbursement for the 25% and 30% discount granted to customers.

APPLICATION AND CREDIT PROCESS:

All applications for the energy credit program are filed with the Department of Taxation. The Tax Commissioner verifies the information on the application and certifies the eligibility for the applicants. The energy companies supplying electricity, gas, or propane delivered by pipeline are issued the names of those eligible for the 25% or 30% credit. The Tax Commissioner also pays those individuals who are eligible for the $125 payment.

OHIO REVISED CODE CITATIONS:

Sections 122.64 to 122.69, 4933.123, 5117.01 to 5117.12, 5117.21 to 5117.29, and 5117.99

RECENT LEGISLATION:

H.B. 201, effective July 1, 1985.

R.C. 5117.10: Transferred the functions of the Auditor of State regarding the Energy Credit Program to the Tax Commissioner.

Table 22

ENERGY CREDIT PROGRAM
NUMBER OF APPLICATIONS, BY COUNTY AND TYPE OF AID, 1985-86 HEATING SEASON

County	$125 Cash Payment	30% Credit	25% Credit	Total	County	$125 Cash Payment	30% Credit	25% Credit	Total
Adams	888	167	150	1,205	Lorain	338	924	2,621	3,883
Allen	253	453	1,289	1,995	Lucas	1,259	2,332	5,770	9,361
Ashland	214	196	506	916	Madison	153	156	305	614
Ashtabula	706	481	1,238	2,525	Mahoning	1,011	2,097	4,489	7,597
Athens	609	293	520	1,422	Marion	191	417	829	1,437
Auglaize	206	172	460	838	Medina	262	200	704	1,166
Belmont	669	530	1,161	2,360	Meigs	488	169	292	949
Brown	715	132	201	1,048	Mercer	206	130	354	690
Butler	1,013	992	2,075	4,080	Miami	304	408	1,013	1,725
Carroll	294	105	208	607	Monroe	203	181	191	575
Champaign	255	163	342	760	Montgomery	1,140	2,460	5,232	8,832
Clark	410	811	1,802	3,023	Morgan	208	113	173	494
Clermont	1,208	183	393	1,784	Morrow	334	75	158	567
Clinton	326	180	339	845	Muskingum	467	595	1,253	2,315
Columbiana	964	730	1,557	3,251	Noble	162	102	141	405
Coshocton	281	206	454	941	Ottawa	283	116	358	757
Crawford	192	271	690	1,153	Paulding	196	78	170	444
Cuyahoga	3,077	9,104	21,152	33,333	Perry	309	223	456	988
Darke	368	267	566	1,201	Pickaway	272	255	370	897
Defiance	276	128	308	712	Pike	672	107	144	923
Delaware	257	145	319	721	Portage	651	278	731	1,660
Erie	235	291	824	1,350	Preble	286	127	288	701
Fairfield	421	489	1,071	1,981	Putnam	254	106	230	590
Fayette	176	212	398	786	Richland	394	594	1,334	2,322
Franklin	1,006	3,653	7,808	12,467	Ross	891	356	559	1,806
Fulton	192	116	286	594	Sandusky	264	255	685	1,204
Gallia	603	150	236	989	Scioto	1,288	665	1,121	3,074
Geauga	479	43	178	700	Seneca	260	266	662	1,188
Greene	306	324	656	1,286	Shelby	235	133	355	723
Guernsey	308	327	624	1,259	Stark	1,034	1,861	4,738	7,633
Hamilton	4,001	3,017	6,758	13,776	Summit	784	2,478	6,255	9,517
Hancock	155	240	607	1,002	Trumbull	779	1,050	2,523	4,352
Hardin	167	223	434	824	Tuscarawas	491	515	1,358	2,364
Harrison	280	80	146	506	Union	189	122	255	566
Henry	197	96	217	510	Van Wert	125	174	400	699
Highland	787	218	393	1,398	Vinton	353	71	97	521
Hocking	279	145	250	674	Warren	568	208	429	1,205
Holmes	157	56	145	358	Washington	257	466	779	1,502
Huron	337	235	592	1,164	Wayne	327	261	825	1,413
Jackson	638	311	507	1,456	Williams	226	152	407	785
Jefferson	777	510	1,116	2,403	Wood	261	285	714	1,260
Knox	231	271	643	1,145	Wyandot	103	108	262	473
Lake	631	494	1,710	2,835					
Lawrence	831	513	911	2,255	County Not Indicated	110	81	165	356
Licking	370	513	1,345	2,228					
Logan	341	261	545	1,147	Total	45,674	50,247	114,325	210,246

ESTATE TAX

The basic Ohio estate tax is levied against the value of a resident decedent's gross estate less deductions and exemptions. Graduated rates range through six taxable estate brackets from 2% on taxable values of under $40,000 to $23,600 plus 7% on that portion of taxable value which exceeds $500,000. Each estate also receives a $500 tax credit. Large estates may also be subject to an "additional" tax which is levied solely to ensure full benefit to Ohio of credits the federal government allows taxpayers against federal estate tax liability for their payment of state death taxes. Ohio also taxes nonresident estates on property values attributable to Ohio.

Taxes paid on the basic resident estate tax amounted to $95,972,681 on 18,490 taxable estates in fiscal 1986, compared to $106,377,163 on 19,528 taxable estates in fiscal 1985. In fiscal 1986, 667 estates, 3.61% of the total number of estates generating tax, had net taxable value of $500,000 or more and yielded approximately $46.3 million in aggregate taxes, or 48.2 percent of the statewide total for the basic resident estate tax.

Additional revenues of $5,967,067 were attributable to net interest, the "additional" tax, nonresident returns, and the former inheritance tax for estates finalized in fiscal 1986. Of this amount, the "additional" tax levied against 44 estates accounted for $3,969,917; the nonresident tax levied against 488 estates accounted for $1,094,897; and the former inheritance tax (effective for estates of decedents dying before July 1, 1968) levied against 42 estates accounted for $9,567.

The Estate Tax Division also completed audits and finalized returns for 30,405 non-taxable estates in fiscal 1986.

Data on number of estates, gross and net valuations, and tax paid for the basic resident estate tax are shown by net taxable value (tax rate) bracket in table 23. These statistics are presented by fiscal year in table 24, and by county of probate in table 25.

Data compiled from 18,490 taxable estates finalized during fiscal 1986 show that an increasing number of taxable estates took the marital deduction compared to fiscal 1985. In fiscal 1986, 1,654 estates deducted $285.5 million in taxable value through the marital deduction, compared to 1,525 estates and $249.2 million in deductions in fiscal 1985.

RESIDENT ESTATE TAX (R.C. 5731)

TAX BASE:

The "taxable estate," i.e., value of a decedent's gross estate, less deductions and exemptions (R.C. 5731.14-.17, inclusive). In general, the gross estate equals the aggregate market value, at time of death, of all property held by the decedent, except real and tangible personal property sitused outside of Ohio, and "qualified farm property," which may be valued according to its "actual qualified use" (R.C. 5731.01, 5731.011, 5731.03-.13, inclusive).

The "taxable estate" equals the gross estate less the following deductions:

- Marital deduction, where there is a surviving spouse;
- Funeral expenses and costs of administering the estate;
- Outstanding and unpaid claims against the estate at time of decedent's death;
- Unpaid mortgage or other indebtedness against property where total value is included within the gross estate valuation;
- Subject to statutory conditions regarding purpose, usage, private benefit, etc., bequests and transfers to or for use of:
  1. The U. S. Government or other governmental unit(s) in the United States;
  2. Corporations organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes; and
  3. Fraternal and veterans' organizations;
- In case of decedents dying prior to July 1, 1983, property previously taxed transferred to decedent by another who dies within three years before or one year after decedent.

RATES:

Rates are generated through these six "taxable estate" brackets (R.C. 5731.02):

Taxable Estates of	Tax Rate Imposed
Not over $40,000	2% of taxable estate
Over $ 40,000 but not over $100,000	$ 800 + 3% of excess over $ 40,000
Over $100,000 but not over $200,000	$ 2,600 + 4% of excess over $100,000
Over $200,000 but not over $300,000	$ 6,600 + 5% of excess over $200,000
Over $300,000 but not over $500,000	$11,600 + 6% of excess over $300,000
Over $500,000	$23,600 + 7% of excess over $500,000

EXEMPTIONS:

Resident estates with gross values under $25,000 are exempt from filing returns (R.C. 5731.21).

MARITAL DEDUCTION:

A deduction for the value of an estate passed to a surviving spouse is the lesser of the following:

1) the amount allowed or allowable as the federal marital deduction, or
2) up to $500,000 or one-half the adjusted gross estate (gross estate less other allowable deductions), whichever is greater.

TAX CREDITS:

$500 or the full amount of tax, whichever is less (R.C. 5731.02).

TAXPAYER:

Administrator, executor, other estate representative, or person in possession of the property subject to tax.

TAX RETURN AND TAX PAYMENT DEADLINES:

In general, as follows:

Tax Return -- To be filed within 9 months of decedent's death, in general with probate court of county in which estate is administered (R.C. 5731.21);

Tax payment -- Due within 9 months of decedent's death, to treasurer of county in which decedent resided (R.C. 5731.23).

SPECIAL PROVISIONS:

Additional Tax (R.C. 5731.18): The Ohio additional tax is a pick-up tax that captures any unused portion of the allowable federal estate tax credit for state death taxes paid remaining after the Ohio estate tax is computed under the Ohio rate structure. The tax is levied in an amount equal to the difference between the maximum allowable federal credit for state death taxes paid and state death taxes actually paid to Ohio or to any other U.S. state, territory, or the District of Columbia. Due to the interaction of the federal state death tax credit schedule and the Ohio estate tax rate structure, this tax in general affects only large estates-i.e., those with net taxable values of approximately $3.65 million or larger.

Alternate Valuation Date (R.C. 5731.01): Assets of an estate may be valued as of the date of death or an alternative date. If the alternate valuation date is elected, the election is required to be made within 9 months of death unless an extension of time has been granted.

SPECIAL PROVISIONS (cont'd):

Generation-Skipping Tax (R.C. 5731.181): A tax is levied upon generation skipping transfers of property having a situs in Ohio to take advantage of the allowable federal credit for such transfers. The Ohio tax is levied in an amount equal to the federal credit. (Effective July 1, 1983).

Installment Payment Election (O.R.C. 5731.231): Under certain conditions, an estate may elect to pay a percentage of the Ohio estate tax and interest over a fifteen year period if 35% of the adjusted gross estate consists of qualifying closely held business interests. (Effective July 1, 1983).

Qualified Farm Property Valuation and Recapture Provision (5731.011): Under certain conditions, an estate may elect to have farm property passed to a qualified heir valued at its agricultural use value. A prospective supplemental tax lien remains on the property for four years when this election is used; the lien is equal to the tax savings due to the election and becomes effective if the farm property is disposed of (other than to another qualified heir), or ceases to be devoted exclusively to agricultural use within the four year limitation (effective January 1, 1982).

NONRESIDENT ESTATE TAX AND ADDITIONAL TAX (R.C. 5731.19)

ESTATE SUBJECT TO TAX:

That portion of a nonresident decedent's estate which is attributable to Ohio (i.e., in general, real property and tangible personalty located or having a situs in Ohio, and intangible personal property used in business within Ohio unless exempt pursuant to R.C. 5731.34) (R.C. 5731.19).

TAX RATES AND TAX CALCULATION FORMULA:

Tax is determined (for both nonresident estate and nonresident additional taxes) by (1) calculating tax which would be due from the estate, at rates applicable to resident estates, if decedent had died a resident of Ohio with all property situated or located in Ohio, and (2) multiplying the resultant amount by a fraction representing the ratio of gross estate value attributable in Ohio to gross estate value wherever situated.

RESIDENT AND NONRESIDENT ESTATE TAXES AND ADDITIONAL TAXES

DISPOSITION OF REVENUE (R.C. 5731.48-5731.51):

Sixty-four percent of gross taxes levied and paid, to municipal corporation or township in which tax originates (50 percent if derived from estates of decedents dying prior to July 1, 1983). In general, for revenue distribution purposes, tax on the transfer of real and tangible personal property located within Ohio originates in the municipal corporation(s) or township(s) in which such property is physically located. In the case of a resident decedent's intangibles or tangible personalty located outside of Ohio, domicile of the decedent is determinative; in the case of intangibles of a nonresident decedent, origin is derived from Ohio domicile, location or place of business or custody of the person, bank, institution, or other entity having such property in possession or custody.

Thirty-six percent, less costs of administration, to state General Revenue Fund (50 percent if date of death was prior to July 1, 1983).

OHIO REVISED CODE CITATIONS:

Chapter 5731: also R.C. 2117.20 (provision for family allowance).

RECENT LEGISLATION:

House Bill 139, effective July 24, 1986.

R.C. 5731.231: Repeals existing installment payment election for closely held business interests.

R.C. 5731.25: Allows an extension of time to pay Ohio estate tax because of undue hardship. An estate may receive an extension of the time to pay the estate tax not to exceed 1 year beyond the time the tax would otherwise be due if a cash shortage exists caused by undue hardship as defined in R.C. 5731.25. In the case of continuing undue hardship, the estate may apply for an additional extension(s). The total of all extensions granted may not exceed 14 years.

RECENT SIGNIFICANT COURT DECISIONS:

In the Matter of the Estate of Philip Henry Hacker, Common Pleas Ct., Probate Div. Warren County Case No. 2430-3-123, March 25, 1986.

The Court held that the imposition of interest on payment of tax after nine months from death is a just and proper assessment required by the statute.

In Re Estate of James T. Strock, Dec'd. v. Joanne Limbach, Ninth Judicial District Court of Appeals Case No. 1420, January, 1986.

Decedent and spouse jointly owned real estate located in Arizona. They executed a promissory note secured by a mortgage on the Arizona real estate. The surviving spouse used Ohio estate funds to pay off one-half the balance of the promissory note. The estate claimed one half the balance of the promissory note as a deduction. The Appellate Court held that Section 5731.16(A) (4) must be strictly construed in favor of taxation as it is a statute granting a deduction from tax. Since the real estate does not have a taxable situs in Ohio, the promissory note secured by a mortgage on out of state realty is not an allowable deduction.

In the Matter of the Estate of Charles G. Sattler, Dec'd., Hamilton County Ct. of Common Pleas, Probate Div. Case No. 825784, 1985.

The Court held that benefits at decedent's death are includable for Ohio estate tax purposes. The facts were the decedent at age 65 withdrew funds from an employer profit sharing plan and rolled them over into an I.R.A. account. The full value of the I.R.A. is includable under Section 5731.09 O.R.C. and not subject to a $2,000 exclusion since an I.R.A. is an employee contributed benefit as opposed to an employer contributed benefit.

TABLE 23

DISTRIBUTION OF TAXABLE ESTATES, GROSS AND NET VALUES, AND ESTATE TAXES PAID, BY NET TAXABLE VALUE (TAX RATE) BRACKETS, FISCAL YEAR 1986(a)

(Resident Estate Tax Only)

Net Taxable Value	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Tax Paid(b)
Total	18,490	$3,493,083,447	$2,642,965,071	$95,972,681
Under $40,000	3,888	196,998,457	117,847,194	651,371
$ 40,000 - $100,000	7,652	643,950,749	493,333,822	7,962,423
$100,000 - $200,000	3,878	660,481,227	540,599,900	14,288,366
$200,000 - $300,000	1,407	420,372,680	338,901,076	11,470,792
$300,000 - $500,000	998	460,282,104	370,221,354	15,346,103
Over $500,000	667	1,110,998,230	782,061,725	46,253,626

(a) Statistics are derived from returns on which audits were completed and final certificates of determination were issued during fiscal year 1986.

(b) Tax paid does not include addition of interest on estate tax liabilities or subtraction of interest paid by the state on tax refunds. Net interest for the year equalled $892,686.

NOTE: Data shown here represents the basic resident Ohio estate tax only. Tax paid of $95,972,681 does not include $3,969,917 in "additional" tax paid or $1,094,897 in taxes paid on 488 nonresident estates, or interest. Also not included are net payments representing 42 taxable estates finalized under the former inheritance tax law. Payments were made in the amount of $31,575 and refunds were issued in the amount of $22,008 resulting in net receipts of $9,567.

TABLE 24

NUMBER OF ESTATES, AGGREGATE GROSS & NET VALUE, AND AGGREGATE TAXES PAID, FISCAL YEARS 1983-1986

(Resident tax only)

Fiscal Year	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Taxes Paid
1983	25,416	$3,718,748,472	$2,493,658,244	$100,667,131
1984	22,041	3,608,671,141	2,532,912,837	102,257,361
1985	19,528	3,776,675,544	2,773,659,398	106,377,163
1986	18,490	3,493,083,447	2,642,965,071	95,972,681

Table 25

NUMBER OF ESTATES, AGGREGATE GROSS AND NET TAXABLE VALUES, AND TAX PAID, BY COUNTY OF PROBATE, FISCAL YEAR 1986[a]

(RESIDENT ESTATE TAX ONLY)

County	Number of Estates	Gross Estate Value	Net Taxable Value	Tax Paid[b]	County	Number of Estates	Gross Estate Value	Net Taxable Value	Tax Paid[b]
Adams	29	$ 3,148,612	$ 2,791,450	$ 70,367	Licking	195	$ 30,191,641	$ 23,157,931	$ 744,915
Allen	185	31,756,238	26,471,948	971,836	Logan	84	11,812,868	9,897,317	288,492
Ashland	84	12,169,860	8,713,180	240,511	Lorain	373	59,743,086	47,686,471	1,715,667
Ashtabula	152	17,374,195	14,065,268	363,742	Lucas	934	167,240,605	125,866,489	4,545,359
Athens	75	9,652,876	7,171,997	181,076	Madison	58	9,640,555	7,764,845	245,639
Auglaize	104	15,058,403	11,903,392	388,253	Mahoning	503	83,474,048	68,955,656	2,498,524
Belmont	164	25,832,328	20,707,368	723,082	Marion	117	20,553,151	15,288,148	506,098
Brown	57	9,883,838	8,381,220	328,846	Medina	112	19,989,825	14,464,067	441,504
Butler	389	63,221,891	50,838,786	1,756,542	Meigs	42	6,509,227	5,351,355	211,139
Carroll	32	6,480,345	5,248,252	222,173	Mercer	72	11,121,035	9,014,293	259,690
Champaign	55	8,549,938	6,761,255	204,165	Miami	176	33,725,367	27,559,183	1,118,273
Clark	247	35,616,439	29,937,897	1,045,612	Monroe	12	1,270,844	860,260	16,711
Clermont	125	17,157,866	13,368,422	403,298	Montgomery	935	168,709,143	124,991,676	4,214,293
Clinton	58	9,182,472	6,565,239	195,016	Morgan	34	4,045,103	3,334,599	110,744
Columbiana	161	24,291,596	19,469,294	647,344	Morrow	44	9,016,512	7,699,170	391,028
Coshocton	78	11,314,713	8,030,614	210,911	Muskingum	151	21,469,695	16,396,500	481,342
Crawford	137	19,140,249	15,020,265	424,809	Noble	31	3,298,674	2,587,288	64,217
Cuyahoga	2,948	723,152,109	490,824,901	19,860,794	Ottawa	97	13,361,948	11,179,157	321,032
Darke	117	27,743,186	20,243,127	781,846	Paulding	42	9,655,367	7,527,941	295,137
Defiance	61	7,244,568	5,125,895	115,746	Perry	38	4,600,587	3,951,928	119,095
Delaware	91	13,367,940	10,361,609	284,730	Pickaway	61	11,170,175	9,150,494	306,959
Erie	154	35,620,013	26,813,146	1,115,174	Pike	30	4,373,491	2,726,680	71,988
Fairfield	140	19,284,486	15,193,724	425,111	Portage	155	20,345,543	17,227,749	528,137
Fayette	44	7,658,129	6,145,671	218,957	Preble	70	10,613,578	8,612,047	264,527
Franklin	1,225	278,463,627	218,829,089	8,981,448	Putnam	72	11,351,760	9,306,824	283,727
Fulton	99	16,020,194	12,351,576	360,522	Richland	236	30,729,411	25,278,524	723,278
Gallia	51	12,896,114	7,652,376	325,815	Ross	110	16,608,850	13,179,733	382,831
Geauga	102	17,716,277	13,196,042	431,871	Sandusky	137	18,697,160	14,578,547	404,936
Greene	190	29,749,354	24,401,061	786,179	Scioto	86	9,903,914	8,597,366	240,917
Guernsey	75	8,401,201	7,042,426	178,024	Seneca	126	14,868,995	12,510,458	314,389
Hamilton	1,661	457,971,859	348,310,082	15,331,785	Shelby	69	11,752,306	9,514,655	316,509
Hancock	123	26,417,199	18,945,089	670,391	Stark	607	98,229,457	79,176,605	2,744,053
Hardin	66	8,879,360	6,929,030	180,994	Summit	953	164,495,243	126,893,868	4,380,618
Harrison	26	3,589,686	2,968,009	83,960	Trumbull	365	57,572,135	45,020,912	1,623,326
Henry	73	12,341,772	9,012,439	257,502	Tuscarawas	179	22,723,059	17,417,726	465,026
Highland	71	10,129,066	7,805,911	219,835	Union	55	10,338,919	7,063,224	271,081
Hocking	37	4,615,775	3,800,743	118,259	Van Wert	80	16,531,036	12,217,385	412,477
Holmes	29	4,216,440	3,455,548	95,382	Vinton	11	930,567	808,638	17,288
Huron	109	15,322,719	12,026,384	351,941	Warren	126	19,620,654	15,718,202	494,321
Jackson	40	4,221,660	3,392,125	75,350	Washington	83	11,641,736	8,714,978	262,223
Jefferson	125	14,603,150	10,958,365	279,690	Wayne	195	37,462,214	27,010,482	912,534
Knox	113	17,546,279	14,178,964	464,547	Williams	84	12,754,941	9,885,569	303,099
Lake	344	44,363,475	34,296,120	966,510	Wood	177	30,686,984	24,167,485	762,959
Lawrence	71	7,478,330	6,235,077	153,790	Wyandot	56	11,406,211	8,712,269	295,529
					Total	18,490	$3,493,083,447	$2,642,965,070	$96,865,367

(a) Statistics are derived from returns on which audits were completed and final certificates of determination issued during fiscal year 1986. All amounts of tax shown are after refunds.
(b) Amounts shown as tax paid include interest payments received and also reflect subtraction of interest paid on refunds

HIGHWAY USE TAX

The highway use tax is an axle-mile tax levied on commercial vehicles in relation to varying combinations of number of axles and miles traveled by the vehicles. Enacted in 1953, it was intended primarily for highway bond retirement and is still used mainly for that purpose. In fiscal year 1986, highway use tax collections were approximately $57.1 million and there were 180,008 new highway use permits issued.

The highway use tax rates range from 0.5¢ per mile to 2.5¢ per mile depending on the number of axles of the vehicle. As in past years, the majority of the tax revenue in fiscal year 1986 was generated by those vehicles in the two-cents-per-mile bracket. Vehicles in this rate bracket also represented the majority of permit holders.

BASE AND RATES (R.C. 5728.06):

The highway use tax is levied on the following vehicles for each mile traveled on a public highway in Ohio at the rates shown:

Vehicle	Rate
Commercial car with 3 or more axles	0.5¢ per mile
Commercial car tandem with 3 axles, and each commercial tractor operated as part of a commercial tractor combination with 3 axles	1¢ per mile
Commercial tractor operated as part of a commercial tractor combination with 4 axles	1.5¢ per mile
Commercial tractor operated as part of a commercial tractor combination with a total of 5 or more axles	2¢ per mile
Commercial car or commercial tractor operated as part of a commercial tandem with 4 or more axles	2.5¢ per mile

EXEMPTIONS (R.C. 5728.01, 5728.13):

1. Vehicles owned and operated by the U.S. Government, the State of Ohio, or any political subdivisions thereof;
2. Vehicles owned by nonresidents of Ohio while engaged solely in interstate transportation of household goods in Ohio, provided the owners are residents of a state which grants reciprocity to Ohio;
3. Miles driven on the Ohio Turnpike.

PAYMENT DATES (R.C. 5728.08):

January 20 April 20 July 20 October 20	Return and payment due for preceding three months.

DISPOSITION OF REVENUE (R.C. 5728.08):

1. General Revenue Fund -- amount equal to appropriations for administration of the tax.
2. Balance to specified highway bond retirement funds as long as needed; thereafter, all to the supplementary highway construction fund.

OHIO REVISED CODE CITATIONS:

Chapter 5728.

RECENT SIGNIFICANT COURT DECISIONS:

Interstate Truck Drivers Training Centers, Inc. v. Limbach, BTA, Case No. 84-E-346 (Dec. 3, 1985)

Taxpayers use of tractor-trailors for driver training is subject to highway use tax on the miles driven on public highways.

Table 26

HIGHWAY USE TAX LIABILITY BY TYPE OF PERMIT HOLDERS, FISCAL YEARS 1982 - 1986

Permit Holders	1982	1983	1984	1985	1986
Ohio	$16,948,851	$16,234,328	$18,536,256	$18,308,713	$20,122,171
Foreign	25,949,562	25,802,720	28,675,613	29,897,146	33,461,763
Unidentified	1,025,725	1,431,335	2,403,623	2,832,099	3,545,763
Total	$43,924,138	$43,468,383	$49,615,492	$51,037,958	$57,129,486

Table 27

HIGHWAY USE TAX LIABILITY BY TYPE OF PERMIT HOLDER AND TAX RATE CLASSIFICATION, FISCAL YEAR 1986

	Tax Levied By Tax Rate Per Mile					
Permit Holders	0.5 Cent	1 Cent	1.5 Cents	2 Cents	2.5 Cents	Total Tax Levied
Ohio	$1,086,361	$298,498	$1,438,878	$16,725,983	$572,451	$20,122,171
Foreign	97,742	269,928	1,778,764	28,268,599	3,046,520	33,461,553
Unidentified	4,410	12,039	94,562	3,091,210	343,550	3,545,763
Total	$1,188,513	$580,466	$3,312,203	$48,085,783	$3,962,521	$57,129,486
Fees From New Permits[a]						360,016
Grand Total						$57,489,503

(a) Total number of new permits issued: 180,008 (permit fee is two dollars).

Table 28

AVERAGE NUMBER OF HIGHWAY USE TAX PERMITS AND TOTAL MILEAGE SUBJECT TO TAX BY TAX RATE CLASSIFICATION, FISCAL YEAR 1986

	Tax Rate Per Mile					
Permit Holders	0.5 Cent	1 Cent	1.5 Cents	2 Cents	2.5 Cents	Total
Ohio	58,498	11,388	25,032	186,698	8,295	289,911
Foreign	10,050	23,546	68,378	820,160	87,312	1,009,446
Unidentified	431	593	2,096	125,218	5,386	133,724
Total	68,979	35,527	95,506	1,132,076	100,993	1,433,081
Mileage						
Ohio	217,272,128	29,849,839	95,925,200	836,299,149	22,898,025	1,202,244,341
Foreign	19,548,413	26,992,785	118,584,252	1,413,429,940	121,860,814	1,700,416,204
Unidentified	882,030	1,203,947	6,304,106	154,560,048	13,742,015	176,692,146
Total	237,702,571	58,046,571	220,813,558	2,404,289,137	158,500,854	3,079,352,691

HORSE RACING TAX

Ohio has permitted horse racing and pari-mutuel wagering on horse racing since 1933. The regulation of horse racing is the responsibility of the State Racing Commission which consists of five members appointed by the Governor and confirmed by the Ohio Senate. The State Racing Commission issues racing permits and sets the racing dates for each meet. Since 1953, the Department of Taxation has administered the tax on pari-mutuel wagering.

Permit holders retain 18% of all money wagered and 1% of "exotic" wagering as their commission. Part of the commission along with a portion of the state's wagering tax is used to develop and promote horse breeding and racing in Ohio. Permit holders also retain the breakage (the odd cents remaining after pari-mutuel winning tickets are paid off at the next lowest multiple of ten cents). However, 40% of this amount must be used for purse money and 25% must be paid to the Horsemen's Health and Retirement Fund. Another source of revenue to permit holders is the authorization to conduct pari-mutuel wagering on televised simulcasts of racing at tracks outside of Ohio.

To assist horse owners and to encourage the construction and improvement of racing facilities, there are two capital improvement plans that reduce the tax liability of permit holders. The first is a reduction of 3/4 of 1% of the amount wagered for the construction of a new facility or the improvement of an existing track. The second is a reduction of 1.5% of the amount wagered for the major renovation of an existing facility if the cost is $10 million or more. These projects must be approved by the State Racing Commission and can run concurrently.

The tax on total wagering of $405.5 million in fiscal year 1986 provided $10.9 million in revenue and funds for horse racing development in Ohio.

TAX BASE (R.C. 3769.08, 3769.081, 3769.087, 3769.089):

1. Amount wagered each day on all pari-mutuel racing.
2. Amount wagered each day on exotic races.
3. Total amount wagered at each horse race meeting of a permit holder.

RATES:

1. Pari-mutuel wagering tax (R.C. 3769.08):

Amount Wagered Daily	Harness and Quarter Horse, Racing[(a)]	Thoroughbred Racing
First $200,000	2.125%	1%
Next $100,000	3.125%	2%
Next $100,000	4.125%	3%
Over $400,000	5.125%	4%

(a) Includes 1.125% for special funds paid by permit holders from their commission.

2. Exotic Wagering Tax (R.C. 3769.087): In addition to the pari-mutuel wagering tax, there is a special tax of 2.5% of the amount wagered daily on other than win, place, and show. This is termed "exotic" wagering and is on the following special events:

   Daily Double - Selecting and wagering on the winning horses in two designated races;

   Perfecta - Selecting and wagering on the first and second place horses in order of finish in a designated race;

   Quinella - Selecting and wagering on the first and second place horses but not necessarily in the order of finish in a designated race;

   Trifecta - Selecting and wagering on the first, second, and third place horses in order of finish in a designated race.

RATES (cont'd):

3. Additional Pari-Mutuel Wagering Tax (R.C. 3769.081): This money is divided equally between the municipal corporation and township in which racing takes place and is intended to reimburse these areas for expenses incurred due to racing meets. The municipal corporations and townships receiving the money may reimburse an adjoining political subdivision which also had expenses because of racing meets. The tax is levied as follows:

Total Amount Wagered Each Horse Racing Meet	Rate
Less than $5,000,000	0.10%
$5,000,000 or more	0.15%

The maximum tax liability is $15,000 from each horse racing meeting.

EXEMPTIONS (R.C. 3769.081):

Agricultural Societies are not subject to the "Additional Pari-Mutuel Wagering Tax."

WHO REMITS TAX (R.C. 3769.08):

The racing permit holder remits to the Tax Commissioner the tax on the amount wagered as described in **"Rates"**. The Tax Commissioner in turn distributes the tax as described in **"Disposition of Revenue"**.

PAYMENT DATES (R.C. 3769.081, 3769.10):

Each day of racing: Permit holder mails to the Tax Commissioner or delivers to an office of the Department of Taxation by noon the following day the pari-mutual wagering tax and exotic wagering tax collected.

Close of horse race meeting: Within ten days, the Additional Pari-Mutual Wagering tax is collected and mailed to the Tax Commissioner or delivered to an office of the Department of Taxation.

DISPOSITION OF REVENUE (R.C. 3769.08, 3769.081, 3769.087):

Each Permit Holder pays to the Tax Commissioner a sum equal to the percent of money wagered as described in the **"Rates"** section reduced by any capital improvements deduction **(see "Special Provisions")**. The Tax Commissioner then distributes the receipts to the following funds and special account:

Receipts from Pari-Mutuel Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
Ohio Fairs Fund	Thoroughbred, harness, and quarter horse	0.5% of amount wagered
Ohio Thoroughbred Race Fund	Thoroughbred	1.125% of amount wagered
	Harness*	June-Dec 1985: 0.98% of amount wagered Jan.-July 1986: 0.93% of amount wagered
Standardbred Development Fund	Harness	0.625% of amount wagered

DISPOSITION OF REVENUE (R.C. 3769.08, 3769.081, 3769.087) (cont'd):

Receipts from Pari-Mutuel Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
Quarter Horse Development Fund	Quarter horse	0.625% of amount wagered
Ohio General Revenue Fund	Thoroughbred*, harness*, and quarter horse*	Net receipts after payments to above funds and special account
Agricultural Societies	Thoroughbred, Harness, and quarter horse racing at agricultural expositions and fairs	Net receipts after payment to the Ohio Fairs Fund Standard-bred Fund, Quarter Horse Fund and Thoroughbred Special Account

*Excluding racing events at agricultural expositions and fairs.

Receipts from "Exotic" Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
Ohio Fairs Fund	Thoroughbred, harness, and quarter horse	0.25% of amount wagered
Ohio Thoroughbred Race Fund	Thoroughbred	0.25% of amount wagered
Standardbred Development Fund	Harness	0.25% of amount wagered(1)
Quarter Horse Development Fund	Quarter horse	0.25% of amount wagered
Ohio General Revenue Fund	Thoroughbred, harness, and quarter horse	2.0% of amount wagered(1)

(1) May be less if the capital improvements deductions exceed amounts distributed to other funds.

Receipts from the Additional Pari-Mutuel Wagering Tax

Distributed To	Source of Receipts (Wagering On)	Distribution Percent
General revenue funds of municipalities and townships in which racing takes place	Thoroughbred, harness, and quarter horse	0.1% of amount wagered if total is less than $5,000,000; 0.15% of amount wagered if total is $5,000,000 or more (maximum of $15,000)

SPECIAL PROVISIONS (R.C. 3769.08, 3769.089, 3769.13, 3769.20):

1. Capital Improvement Deduction: With the approval of the State Racing Commission, permit holders making capital improvements, constructing new racing facilities, or reconstructing facilities damaged by fire or other cause that have a total cost of $100,000 or more can reduce their tax rate by 0.75% of the amount wagered for a period of fifteen years on capital improvements and reconstruction and a period of twenty-five years on new race track construction or until the total reducton in tax liability equals 70% of construction costs, whichever occurs first.

2. Major Capital Improvement Project: With the certification of the State Racing Commission, permit holders renovating, reconstructing, or remodeling an existing race track facility at a cost of $10 million or more can reduce their tax liability by 1.5% of the amount wagered for a period of ten years or until the cost of the project plus debt service is reached, whichever occurs first. If the reduction exceeds the tax on wagering, the abatement may be carried forward and applied against future tax liability. The tax reduction is in addition to the 0.75% Capital Improvement Deduction.

3. A race track closed due to fire or other cause can make up the lost days of racing during the first three years following the reopening of the track or at another racing facility.

4. Electronically Televised Simulcasts: Permit holders may televise horse racing at facilities outside of Ohio and conduct pari-mutual wagering thereon. The type of racing televised must be the same as authorized to be conducted at the permit holder's track.

OHIO REVISED CODE CITATIONS:

Chapter 3769.

RECENT LEGISLATION:

None

Table 29

AMOUNT WAGERED ON HORSE RACING AND TOTAL TAX AND SPECIAL FUND RECEIPTS, BY TYPE OF EVENT, FISCAL YEARS 1982 - 1986

Fiscal Year	Thoroughbred Racing	Quarter Horse & Commercial Harness Racing	Agricultural Societies Racing	Total
		Pari-Mutual Wagering		
1982	$218,845,146	$173,675,748	$4,289,807	$396,810,701
1983	217,233,604	168,139,707	4,865,907	390,239,218
1984	239,039,250	160,521,195	4,853,828	404,414,273
1985	238,065,795	148,957,615	5,421,846	392,445,256
1986	227,411,848	172,503,436	5,601,651	405,516,935
		Pari-Mutual Wagering Tax Receipts		
1982	$14,975,152	$11,084,465	$228,384	$26,288,001
1983	14,013,620	9,925,133	243,397	24,182,150
1984	11,553,915	7,452,680	222,459	19,229,054
1985	6,658,162	4,829,067	216,494	11,703,723
1986	5,311,795	5,414,914	221,007	10,947,716

Table 30

AMOUNT WAGERED ON HORSE RACING, TAX LEVIED AND DISTRIBUTION OF RECEIPTS, FISCAL YEAR 1986

	Thoroughbred Race Meets	Commercial Harness Race Meets	County Agricultural Societies	Total
Number of Days	377	622	215	1,214
Tax Base				
Pari-Mutuel Wagering	$227,411,848	$172,503,436	$5,601,651	$405,516,935
Exotic Wagering	114,716,887	111,218,193	2,548,730	228,483,810
Total Tax Base	$342,128,735	283,721,629	$8,150,381	$634,000,745
Tax Levied				
Pari-Mutuel Wagering	$ 5,955,084	$ 4,503,065	$ 157,289	$ 10,615,438
Exotic Wagering	2,867,923	2,780,455	63,718	5,712,096
Total Tax Levied	$ 8,823,007	$7,283,520	$ 221,007	$ 16,327,534
Capital Improvement Credit	$ 1,609,895	$ 887,706	$ - 0 -	$ 2,497,601
Major Capital Improvement Credit	1,901,317	980,900	- 0 -	2,882,217
Net Tax Collected	$ 5,311,795	$ 5,414,914	$ 221,007	$ 10,947,716
Distribution of Receipts				
Agricultural Societies	$ -0-	$ -0-	$ 145,102	$ 145,102
Standardbred Development Fund	-0-	1,311,681	41,168	1,352,849
Ohio Fairs Fund	1,422,893	1,138,212	34,377	2,595,482
Thoroughbred Special Account	2,843,237	1,640,485	360	4,484,082
State General Revenue Fund	1,045,665	1,324,536	-0-	2,370,201
Total Amount Distributed	$ 5,311,795	$ 5,414,914	$ 221,007	$ 10,947,716

STATE INDIVIDUAL INCOME TAX

Ohio's personal income tax law is based closely on federal law to facilitate compliance by the taxpayer and administration by the state. The starting point for computation of the Ohio income tax is federal adjusted gross income as reported on the federal income tax return. After adding and subtracting certain adjustments and subtracting personal exemptions, Ohio's graduated tax rates are applied to the remaining figure (Ohio taxable income) to calculate the tax liability. From this figure, certain credits may be subtracted to arrive at the final personal income tax liability.

Figure 2 illustrates the percentage distribution by income class of 1984 tax returns, federal adjusted gross income, and income tax liability. Tables 31 through 44 also include information compiled from the 1984 Ohio personal income tax returns (due by April 15, 1985). Table 31 contains detailed data from the returns categorized into twenty-nine income classes. The data show that individuals filed 4,070,499 tax returns which reported total federal adjusted gross income of $93.1 billion, an average of $22,882 per return. Applying the tax rates to this income and then subtracting allowable tax credits yields a figure for total Ohio personal income tax liability of $2,579.1 million. This amounts to an average income tax liabililty of $633.61 per return.

Table 32 compares total returns filed for 1983 and 1984 grouped by major income classes while Table 33 compares only taxable returns for 1983 and 1984. Total tax liability increased from $2,178.4 million in 1983 to $2,579.1 million in 1984, a percentage increase of 18.4%. The number of taxable returns increased from 3,345,350 in 1983 to 3,484,725 in 1984, an increase of 139,375.

Table 34 is a simplified version of Table 31 showing some of the major data categorized into just eight income classes. Tables 35, 36, and 37 show tax returns by the same eight income classes, but by filing status -- married joint, single, and married separate.

Tables 38, 39, and 40 classify the number of returns and tax liability by Ohio taxable income classes rather than federal adjusted gross income classes. The "Ohio taxable income" figure is the amount to which the graduated tax rates of 0.95% to 9.5% for 1984 were directly applied. Tables 38 and 39 contain data by Ohio taxable income class on the additional $350 personal exemption and the $20 personal exemption credit, respectively. These tables indicate that the majority of taxpayers used the $20 credit, rather than the additional $350 exemption. Table 40 shows the number of returns and tax liability for all returns.

Table 41 contains information on the joint filer credit. A 1984 joint return filed by a husband and wife each earning at least $500 of wage or pension income was entitled to a joint filer credit of 5% to 20% of the tax liability. Table 41 indicates that this credit was claimed by 1,086,148 taxpayers and reduced their tax liability by approximately $189.0 million, an average of $174.04 per return. Table 42 provides information on the 992,217 returns showing a balance due Ohio (those taxpayers whose state tax liability exceeded their withholding and estimated payments) and the 2,784,072 taxpayers who received a refund from the state. The state was owed $222,950,334. Taxpayers received $355,011,286 in refunds.

Table 43 indicates the number of returns filed, income, and tax liability for residents of each of Ohio's eighty-eight counties. Cuyahoga county had the largest number of returns filed with 555,834 returns reporting $13.7 billion of income, and $409.7 million of income tax liability. Residents of the eleven largest Ohio counties filed 2.3 million out of the state total of 4.1 million income tax returns. Their combined tax liability was $1,618.1 million, over 64% of the total for all eighty-eight counties. Table 44 indicates the average income per return for residents of each county. Geauga county taxpayers reported the highest figure with an average income per return of $26,602 while Adams county had the lowest average income, $16,453 per return.

Three additional tables indicate income tax data gathered from sources other than the 1984 tax returns. Table 45 compares one-half of the 1985 income tax collections in each county with the amount of state school aid and property tax relief distributed to the county. Under the Ohio Constitution and state law, at least one-half of income tax collections must be returned to the county of origin. This table indicates that this requirement was exceeded in every county.

Table 46 shows the number of returns and amount of tax dollars processed by the Income Tax Division of the Ohio Department of Taxation during the last two fiscal years. During fiscal year 1986, the Income Tax Division processed over 6.6 million personal income tax returns for all types, including about 5.4 million annual and quarterly estimated individual taxpayer returns and 1.2 million employer withholding returns. Net collections during fiscal year 1986 were $2,775,205,953 after payment of $403,179,594 in refunds. Table 47 shows the monthly distribution of these collections and refunds.

TAX BASE (R.C. 5747.01):

The amount reported as Federal Adjusted Gross Income to the U.S. Internal Revenue Service plus or minus adjustments according to Ohio income tax law (see "**General Computation of Tax Liability**" section on the following page).

RATES (R.C. 5747.02):

Ohio Taxable Income	1986 Tax
0 - $ 5,000	.855% of Ohio taxable income
$ 5,000 - 10,000	$ 42.75 + 1.710% of excess over $ 5,000
10,000 - 15,000	$ 128.25 + 3.420% of excess over $ 10,000
15,000 - 20,000	$ 299.25 + 4.275% of excess over $ 15,000
20,000 - 40,000	$ 513.00 + 5.130% of excess over $ 20,000
40,000 - 80,000	$1,539.00 + 5.985% of excess over $ 40,000
80,000 - 100,000	$3,933.00 + 6.840% of excess over $ 80,000
Over 100,000	$5,301.00 + 8.550% of excess over $100,000

SPECIAL PROVISIONS:

1. **Personal Exemption Credit Option (R.C. 5747.022):** In addition to the standard $650 personal exemption, taxpayers have the option of taking an additional $350 personal exemption or a credit against the Ohio income tax due of $20 for each personal exemption claimed.

2. **Joint Filer Credit (R.C. 5747.05):** A husband and wife who file a joint return are allowed a tax credit if each spouse receives at least $500 of wage or pension income. The credit is a percentage of the tax after all other credits and is calculated according to the schedule shown below:

Ohio Taxable Income	Amount of Credit
$25,000 or less	20%
25,000 - $50,000	15
50,000 - 75,000	10
Over $75,000	5

3. **Senior Citizen Credit (R.C. 5747.05):** A taxpayer 65 years of age or older during the taxable year is allowed a $50 credit against the amount of Ohio income tax due. Only one $50 credit is allowed for each return.

4. **Retirement Income Credit (R.C. 5747.055):** Taxpayers receiving retirement income are allowed a credit based on the amount of retirement income received during the taxable year according to the following schedule:

Amount of Retirement Income Included in FAGI	Credit
$ 500 or less	0
500 to $1,500	$ 25
1,500 to 3,000	50
3,000 to 5,000	80
5,000 to 8,000	130
Over $8,000	200

(continued on page 53)

GENERAL COMPUTATION OF TAX LIABILITY:

FEDERAL ADJUSTED GROSS INCOME
(taken directly from federal return)

Add

1. State and local bond interest (except Ohio).
2. Federal bond interest exempt from federal tax but subject to state tax.
3. Accumulation distribution from a complex trust.

Subtract

1. Federal interest.
2. Disability and survivors benefits included in federal adjusted gross income.
3. Income earned while a resident of another state (part year residents and nonresident military personnel).
4. Wages and salaries paid to employees under the federal "targeted jobs credit".
5. Social security and railroad retirement benefits included in FAGI.
6. State and municipal refunds included in FAGI.
7. Compensation earned in Ohio by residents of neighboring states.
8. Exempt gains from the sale of Ohio state or local government bonds.

OHIO ADJUSTED GROSS INCOME

Subtract:

1. Personal exemptions of $650 per person.
2. Additional $350 per person if the personal exemption credit is not chosen.

OHIO TAXABLE INCOME

Apply:

Graduated rates of .855% to 8.55% for 1986.

TAX BEFORE CREDITS

Subtract:

1. Personal exemption credit of $20 per person (if additional $350 exemption is not chosen).
2. Senior citizen credit of $50.
3. Retirement income credit.
4. Home improvements credit.
5. Solar, wind, and hydrothermal energy system credit (unused credit from prior years only).
6. New equipment purchase credit.
7. Credit for income taxed by another state (residents and nonresidents).
8. Joint filer credit for two working spouses receiving at least $500 apiece in wage or pension income (graduated based on income).

OHIO PERSONAL INCOME TAX LIABILITY

SPECIAL PROVISIONS (cont'd from page 51):

5. **Military Pay (R.C. 5747.01):** Military pay is taxable (except combat zone pay) no matter where the individual is stationed provided domicile (legal residence) is Ohio. If domicile is in another state, service personnel are not required to pay the Ohio income tax, even though stationed in Ohio.

6. **Reciprocity and Part-Year Residents (R.C. 5747.05):**

   a) An individual who is a resident of Ohio or one of the five surrounding states and whose income consists solely of compensation from any of thoses states need only file with the state of residence.

   b) Individuals domiciled in Ohio for only a part of the year can deduct all income received during the time not domiciled in Ohio.

7. **Home Improvement Credit (R.C. 5747.052):** A homeowner may claim a credit equal to 5% of the cost of home improvements. The home improvements must cost at least $300 and the credit cannot exceed $65. The credit may be claimed only once every three years.

8. **New Equipment Credit (R.C. 5747.051):** Individual taxpayers are allowed a credit against the personal income tax equal to the difference between: (1) the tangible property taxes paid in the taxable year on machinery and equipment used in manufacturing or refining and acquired on or after January 1, 1978; and (2) the tangible property taxes that would have been paid on such property if it had been assessed at 20% of true value. If the credit exceeds the income tax liability in any year, the excess credit may be carried forward to offset liability for the following three years.

9. **Solar, Wind, or Hydrothermal Energy System Credit (R.C. 5747.053):** A homeowner may claim a credit equal to 10% of the cost of puchase and installation of a solar, wind, or hydrothermal energy system. The credit cannot exceed the tax liability. Any unused credit can be carried forward to the succeeding two taxable years. No credit can exceed $1,000 and the credit can only be claimed once for a given building or structure. This credit expired December 31, 1985.

TAXPAYER (R.C. 5747.01):

Every individual and every estate residing in Ohio or earning or receiving income in Ohio.

PAYMENT DATES (R.C. 5747.07-5747.09):

For Individuals:

1. Calendar year taxpayer files an annual return between January 1 and April 15.
2. Fiscal year taxpayer files before the 15th day of the fourth month after the end of the fiscal year.
3. Taxpayers making quarterly declarations must file an annual estimated return on or before April 15 and quarterly payments of the tax must be made on or before April 15, June 15, and September 15 of the current year and January 15 of the next year.

For Employers:

1. If the employer withholds less than $1,000 during the quarter, payment is made within 30 days after the last day of the quarter ending March, June, September, and December.
2. If the amount to be withheld during the quarter exceeds $1,000, monthly remittances are made within 10 banking days after the close of each calendar month.

DISPOSITION OF REVENUE (R.C. 5747.03):

1. All income tax receipts are initially credited to the General Revenue Fund, with 3.5% subsequently transferred to the Local Government Fund. Beginning January 1, 1986, an additional 6.3% will be transferred to the Library and Local Government Support Fund.
2. The Ohio Constitution requires that at least 50% of income tax collections be returned to the county of origin. This provision is met through General Revenue Fund allocations to education and local property tax relief (12.5% property tax rollback and homestead exemption).

OHIO REVISED CODE CITATIONS:

Chapter 5747.

RECENT LEGISLATION:

S.B. 80, effective August 1, 1985

R.C. 5747.121: Requires the Tax Commissioner to cooperate with the Department of Human Services in establishing and implementing procedures for the collection of overdue child support from state income tax refunds of taxpayers delinquent in such payments.

Section 4: Appropriates $93,040 for fiscal year 1986 and $50,040 for fiscal year 1987 to the Department of Taxation to be used to administer the provisions of section 5747.121 of the Revised Code.

S.B. 121, effective October 17, 1985

R.C. 5747.01 and Section 3: Makes income earned from a Subchapter S corporation subject to the personal income tax beginning in tax year 1986.

S.B. 127, effective September 30, 1985

R.C. 5747.11: Allows taxpayers to request an income tax refund within three years of an illegal, erroneous, or excessive payment.

H.B. 238, effective July 1, 1985

R.C. 5747.02: Reduces income tax rates from their 1984 level by 5% in 1985, 10% in 1986, and 15% in 1987 and thereafter. If the average unemployment rate between October 1, 1986 and March 31, 1987 is less than 7% the 1987 rates will be 17.5% below the 1984 level and rates in 1988 and thereafter will be 20% below the 1984 level.

RECENT SIGNIFICANT COURT DECISIONS:

P. Thomas Austin and Ann H. Austin v. Limbach, BTA Case No. 83-C-504 (March 25, 1986).

A national accounting firm partner was not entitled to the resident tax credit where he failed to show the portion of adjusted gross income that was subjected to tax in another state. Income earned before but received after the taxpayers became Ohio residents was properly included in Ohio adjusted gross income.

FIGURE 2

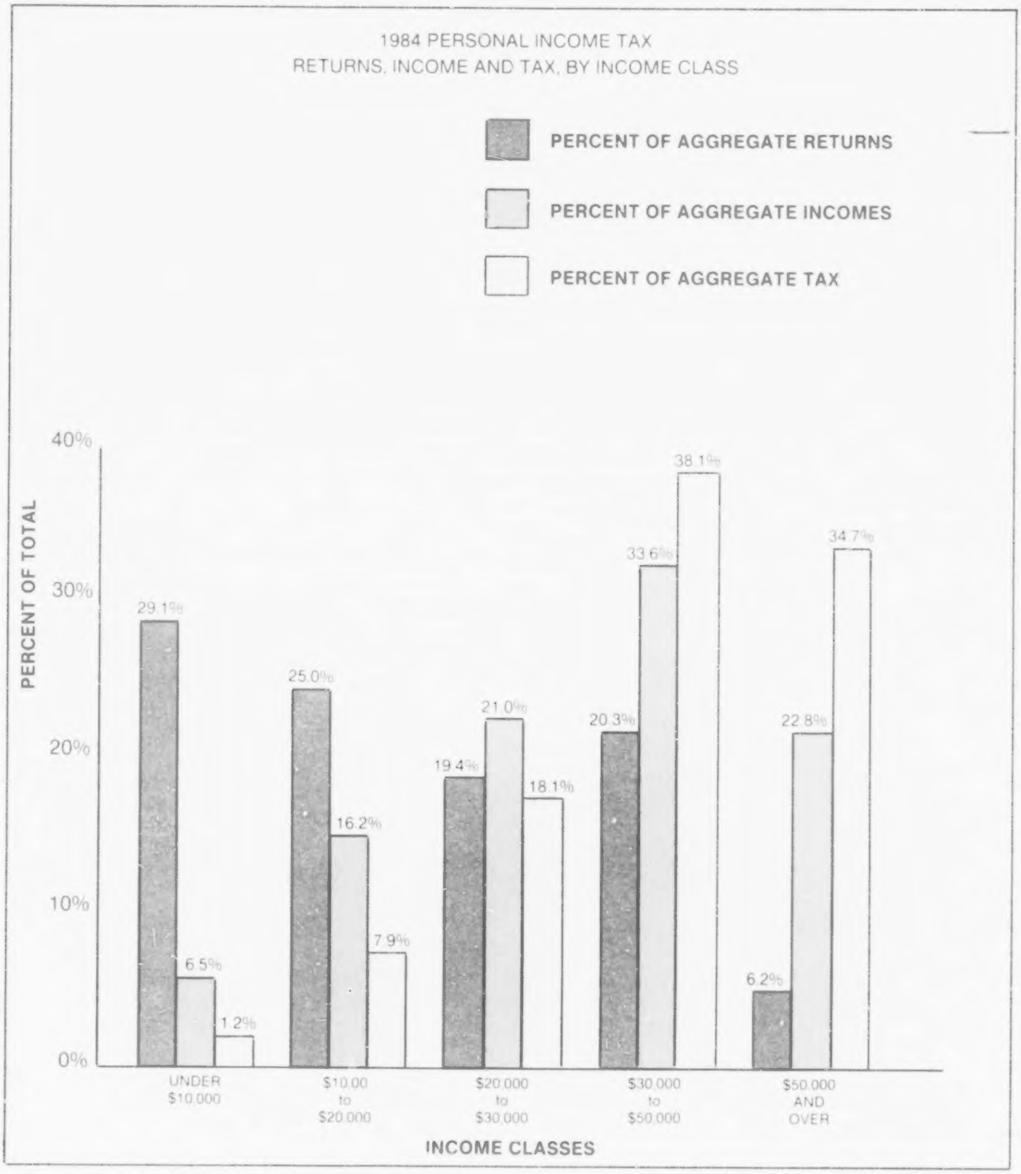


Figure 2 shows the percentage distribution by income class of 1984 personal income tax returns, federal adjusted gross income, and tax liability. Taxpayers earning under $10,000 filed 29.1% of all income tax returns, but earned only 6.5% of total income and paid just 1.2% of the total tax liability. The next largest group of taxpayers, those earning $10,000 to $20,000, earned 16.2% of total income and paid 7.9% of the tax. These two groups combined (all those earning less than $20,000) represented 54.1% of all the taxpayers, reported 22.7% of the income, but paid just 9.1% of the total income tax.

In contrast, taxpayers earning more than $50,000, comprised only 6.2% of all tax returns, but reported 22.8% of total income and paid 34.7% of the entire income tax liability. Additional detail on the income distribution of tax returns, income, and tax liability, as well as information on filing status and county statistics, are shown in tables on the following pages.

Table 31

1984 OHIO PERSONAL INCOME TAX RETURNS BY INCOME CLASS[a]

Income Class Federal Adjusted Gross Income	Number of Returns	Total Federal Adjusted Gross Income	Ohio Adjusted Gross Income	Reported Value of Personal Exemptions	Ohio Taxable Income	Tax Before Credits	Joint Filer Credit	Tax Liability After All Credits
0 - 1,000	78,543	$ 46,471,646	$ 58,683,375	$ 61,688,132	$ 20,728,733	$ 516,176	$ 28,179	$ 427,685
$ 1,000 - 2,000	129,365	194,462,147	185,230,192	102,368,653	96,484,650	1,064,972	4,194	411,344
2,000 - 3,000	130,278	325,707,178	309,604,474	109,250,625	213,843,556	2,249,622	8,142	712,367
3,000 - 4,000	129,685	453,324,149	430,033,881	114,765,923	330,739,761	3,448,928	13,608	1,352,941
4,000 - 5,000	121,589	546,831,642	515,565,745	115,630,546	417,293,292	4,291,614	13,660	2,019,395
5,000 - 6,000	119,438	656,837,049	616,282,381	122,052,097	516,277,334	5,237,606	17,900	2,653,173
6,000 - 7,000	117,578	764,461,482	717,215,722	125,971,977	614,785,955	6,710,695	23,558	3,672,346
7,000 - 8,000	120,213	901,954,645	845,326,255	134,425,056	739,636,722	8,782,827	30,832	5,018,944
8,000 - 9,000	121,612	1,033,783,310	967,024,674	141,240,950	859,183,962	10,937,153	50,002	6,597,571
9,000 - 10,000	116,353	1,104,960,321	1,034,698,404	141,514,791	928,527,215	12,461,099	80,060	7,552,467
10,000 - 11,000	110,826	1,163,738,990	1,094,755,744	136,881,332	987,075,460	13,867,900	124,306	8,792,130
11,000 - 12,000	109,002	1,253,254,094	1,180,810,658	138,629,586	1,069,565,122	16,370,471	181,110	10,863,467
12,000 - 13,000	107,507	1,343,818,699	1,265,848,739	140,904,016	1,153,980,374	19,519,442	256,501	13,480,336
13,000 - 14,000	107,534	1,451,658,000	1,371,142,141	144,865,341	1,256,621,548	23,079,776	370,647	16,580,078
14,000 - 15,000	105,302	1,526,813,519	1,439,488,647	144,552,675	1,329,328,300	26,194,810	501,459	19,345,886
15,000 - 16,000	103,738	1,607,717,557	1,518,047,754	145,833,692	1,404,616,211	29,483,868	656,871	22,336,738
16,000 - 17,000	99,070	1,634,301,759	1,544,583,740	142,760,873	1,433,851,548	31,836,547	827,596	24,522,131
17,000 - 18,000	94,880	1,660,274,998	1,569,496,455	139,423,890	1,459,313,321	34,482,498	1,037,790	27,019,637
18,000 - 19,000	91,671	1,695,606,082	1,603,026,338	138,602,665	1,493,330,950	37,089,736	1,279,733	29,502,927
19,000 - 20,000	88,965	1,734,852,958	1,641,656,504	138,411,320	1,530,716,009	39,699,254	1,561,079	31,998,166
20,000 - 25,000	417,732	9,381,796,126	8,902,675,019	700,733,425	8,340,706,928	244,255,464	13,063,668	202,164,475
25,000 - 30,000	370,785	10,174,707,319	9,652,992,714	697,009,136	9,081,905,999	309,633,532	20,827,917	264,360,433
30,000 - 35,000	306,646	9,940,121,303	9,448,106,507	616,583,770	8,939,850,636	336,702,005	24,938,846	289,899,735
35,000 - 40,000	236,984	8,856,388,230	8,403,024,004	493,723,379	7,994,713,724	321,920,836	27,997,661	276,399,108
40,000 - 50,000	281,274	12,475,289,609	11,653,393,265	598,739,986	11,132,293,694	479,705,124	47,655,158	416,517,384
50,000 - 100,000	217,946	13,649,956,426	12,243,835,243	468,585,235	11,818,905,281	583,128,783	38,930,719	528,411,686
100,000 - 200,000	26,904	3,566,715,970	3,022,154,118	59,480,309	2,963,600,681	190,345,506	4,232,769	177,798,285
$200,000 & Above	9,079	3,995,847,546	2,898,588,998	21,915,[illegible]	2,882,937,770	236,639,825	4,318,911	188,683,431
Total	4,070,499[b]	$93,141,652,754	$86,133,291,691	$6,236,544,787	$81,010,814,736	$3,029,656,069	$189,032,876	$2,579,094,266

(a) As reported on returns due April 15, 1985. Includes effects of tax changes enacted in tax year 1983.

(b) Does not include returns filed solely for informational purposes.

Table 32

COMPARISON OF 1983 AND 1984 PERSONAL INCOME TAX RETURNS

Income Class (Federal Adjusted Gross Income)	Number of Returns		Federal Adjusted Gross Income		Ohio Taxable Income		Joint Filer Credit		Ohio Income Tax	
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984
0 - $ 5,000	620,784	589,460	$1,617,159,001	$1,566,796,762	$1,028,872,437	$1,079,089,992	$54,526	$67,783	$5,207,799	4,923,732
$ 5,000 - 10,000	603,119	595,194	4,514,386,347	4,461,996,807	3,622,431,450	3,658,411,188	270,708	202,353	24,611,168	25,494,501
10,000 - 15,000	549,883	540,171	6,859,134,771	6,739,283,302	5,871,184,249	5,796,570,804	1,360,853	1,434,023	67,506,296	69,061,897
15,000 - 20,000	470,990	478,324	8,202,936,166	8,332,753,354	7,205,636,919	7,321,828,039	4,425,915	5,363,069	129,347,028	135,379,598
20,000 - 25,000	415,800	417,732	9,342,204,332	9,381,796,127	8,306,537,627	8,340,706,928	9,103,668	13,063,668	197,574,292	202,164,475
25,000 - 50,000	1,087,100	1,195,689	37,082,052,236	41,446,506,462	33,471,936,110	37,148,764,053	70,408,554	121,419,582	1,102,465,480	1,247,176,661
50,001 - 100,000	159,383	217,946	10,007,073,578	13,649,956,426	8,687,773,282	11,818,905,281	18,409,080	38,930,719	381,324,999	528,411,686
100,000 and Over	28,295	35,983	5,777,196,996	7,562,563,516	4,566,966,462	5,846,538,451	5,434,878	8,551,679	270,370,106	366,481,716
Total	3,935,354	4,070,499	$83,402,143,427	$93,141,652,754	$72,761,338,536	$81,010,814,736	$109,468,18[illegible]	$189,032,876	$2,178,407,168	$2,579,094,266

Table 33

COMPARISON OF 1983 AND 1984 TAXABLE RETURNS

Income Class (Federal Adjusted Gross Income)	Taxable Returns		Ohio Income Tax	
	1983	1984	1983	1984
0 - $ 5,000	298,155	269,547	$ 5,207,799	$4,923,732
$ 5,000 - 10,000	440,667	442,308	24,611,168	25,494,501
10,000 - 15,000	487,220	476,036	67,506,296	69,061,897
15,000 - 20,000	456,110	461,913	129,347,028	135,379,598
20,000 - 25,000	407,955	408,868	197,574,292	202,164,475
25,000 - 50,000	1,072,148	1,177,784	1,102,465,480	1,247,176,661
50,000 - 100,000	156,079	213,639	381,324,999	528,411,686
100,000 and Over	27,016	34,630	270,370,106	366,481,716
Total	3,345,350	3,484,725	$2,178,407,168	$2,579,094,266

Table 34

1984 OHIO PERSONAL INCOME TAX RETURNS FOR ALL FILING STATUS CATEGORIES[a]

Income Class (Federal Adjusted Gross Income)	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate[b]
0 - $ 5,000	589,460	$1,566,796,762	$1,079,089,992	$4,923,732	.31%
$ 5,000 - 10,000	595,194	4,461,996,807	3,658,411,188	25,494,501	.57
10,000 - 15,000	540,171	6,739,283,302	5,796,570,804	69,061,897	1.02
15,000 - 20,000	478,324	8,332,753,354	7,321,828,039	135,379,598	1.62
20,000 - 25,000	417,732	9,381,796,127	8,340,706,928	202,164,475	2.15
25,000 - 50,000	1,195,689	41,446,506,462	37,148,764,053	1,247,176,661	3.01
50,000 - 100,000	217,946	13,649,956,426	11,818,905,281	528,411,686	3.87
100,000 and Over	35,983	7,562,563,516	5,846,538,451	366,481,716	4.85
Total	4,070,499	$93,141,652,756	$81,010,814,736	$2,579,094,266	2.77%

(a) Column totals from tables 35, 36, and 37 will not add to figures on this table due to 117,889 returns for which filing status was not indicated, and which have not been verified.

(b) Ohio income tax divided by federal adjusted gross income.

Table 35

1984 OHIO PERSONAL INCOME TAX RETURNS CLAIMING MARRIED JOINT FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number of Joint Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate[a]
0 - $ 5,000	57,042	$170,049,358	$85,773,284	$637,963	.38%
$ 5,000 - 10,000	142,587	1,105,757,114	799,176,294	2,220,996	.20
10,000 - 15,000	195,870	2,464,998,236	1,991,683,256	14,625,537	.59
15,000 - 20,000	225,500	3,955,021,474	3,350,662,320	50,219,278	1.27
20,000 - 25,000	252,721	5,698,787,927	4,971,965,598	108,547,124	1.90
25,000 - 50,000	974,635	34,314,428,506	30,794,470,325	1,021,388,095	2.98
50,000 - 100,000	197,010	12,320,386,562	10,783,098,436	481,386,121	3.91
100,000 and Over	31,772	6,589,915,843	5,215,754,512	329,539,997	5.00
Total	2,077,137	$66,619,345,020	$57,992,584,025	$2,008,565,111	3.01%

(a) Ohio income tax divided by federal adjusted gross income.

Table 36

1984 OHIO PERSONAL INCOME TAX RETURNS CLAIMING SINGLE FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number Of Single Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate[a]
0 - $ 5,000	500,109	$1,312,002,017	$ 932,467,611	$ 3,849,908	.29%
$ 5,000 - 10,000	421,329	3,121,564,176	2,669,820,261	21,743,687	.70
10,000 - 15,000	317,156	3,936,596,426	3,515,858,501	50,538,873	1.28
15,000 - 20,000	232,144	4,018,909,029	3,657,802,865	78,885,564	1.96
20,000 - 25,000	149,588	3,337,692,828	3,064,730,598	85,796,904	2.57
25,000 - 50,000	188,781	6,030,184,016	5,379,475,619	192,516,485	3.19
50,000 - 100,000	15,639	997,625,360	750,331,703	34,338,435	3.44
100,000 and Over	3,500	819,841,442	517,982,970	30,578,033	3.73
Total	1,828,246	$23,574,415,294	$20,488,470,128	$498,241,889	2.11%

(a) Ohio income tax divided by federal adjusted gross income.

Table 37

1984 OHIO PERSONAL INCOME TAX RETURNS CLAIMING MARRIED SEPARATE FILING STATUS

Income Class (Federal Adjusted Gross Income)	Number Of Married Filing Separate Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Ohio Income Tax	Effective Rate[a]
0 - $ 5,000	$ 9,064	$ 24,696,931	$ 15,701,671	$ 74,732	.30%
$ 5,000 - 10,000	10,560	80,099,494	63,893,392	481,207	.60
10,000 - 15,000	9,837	122,048,722	104,664,342	1,421,164	1.16
15,000 - 20,000	6,926	119,983,490	104,945,028	2,135,230	1.78
20,000 - 25,000	4,486	100,061,806	87,755,876	2,299,088	2.30
25,000 - 50,000	5,500	177,088,068	151,904,702	5,203,144	2.94
50,000 - 100,000	653	42,502,370	33,327,352	1,475,285	3.47
100,000 and Over	201	51,745,486	35,661,716	1,866,957	3.61
Total	47,227	$718,226,367	$597,854,079	$14,956,807	2.08%

(a) Ohio income tax divided by federal adjusted gross income.

Table 38

1984 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE ADDITIONAL $350 PERSONAL EXEMPTION

Ohio Taxable Income Class	Number of Returns	Federal Adjusted Gross Income	Reported Value of $350 Exemption	Ohio Taxable Income	Ohio Income Tax
0 - $ 5,000	107,677	$ 264,754,808	$ 52,341,820	$ 148,381,333	$ 1,810,355
$ 5,000 - 10,000	90,608	674,173,737	52,547,647	515,659,102	5,894,303
10,000 - 15,000	77,558	965,272,897	50,142,793	802,035,184	12,482,421
15,000 - 20,000	60,807	1,056,009,451	43,915,908	904,517,086	19,887,276
20,000 - 25,000	59,447	1,344,637,068	47,172,475	1,181,893,681	32,230,752
25,000 - 30,000	79,153	2,178,033,801	81,162,050	1,911,609,238	57,556,936
30,000 - 40,000	106,238	3,679,576,774	117,219,902	3,267,999,751	112,970,477
40,000 - 50,000	178,363	8,059,939,992	197,922,384	7,376,891,694	284,846,171
50,000 - 100,000	186,441	11,705,001,385	213,953,944	10,595,604,135	484,115,357
100,000 and Over	32,474	6,688,798,055	37,424,021	5,366,744,533	357,087,892
Total	978,766	$36,616,197,968	$893,802,944	$32,071,335,737	$1,368,881,940

Table 39

1984 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE $20 PERSONAL EXEMPTION CREDIT

Ohio Taxable Income Class	Number of Returns	Federal Adjusted Gross Income	Ohio Taxable Income	Reported Value of $20 Exemption	Ohio Income Tax
0 - $ 5,000	425,266	$ 1,202,366,137	$ 873,702,642	$ 11,482,521	$ 2,781,385
$ 5,000 - 10,000	470,764	3,537,418,952	2,953,080,557	16,728,949	18,960,382
10,000 - 15,000	442,568	5,530,55,696	4,810,895,983	18,805,083	55,216,972
15,000 - 20,000	407,831	7,108,947	6,299,643,045	18,504,692	113,525,811
20,000 - 25,000	351,200	7,878,276,493	7,048,812,933	19,193,436	167,465,935
25,000 - 30,000	285,509	7,828,884,544	7,051,195,466	19,061,003	203,638,393
30,000 - 40,000	429,482	14,844,099,045	13,474,145,222	26,983,890	447,571,254
40,000 - 50,000	97,796	4,187,296,772	3,582,968,046	6,473,840	125,672,643
50,000 - 100,000	27,649	1,705,629,106	1,051,797,745	1,591,227	37,655,746
100,000 and Over	2,990	732,201,962	408,953,125	166,576	7,366,414
Total	2,941,055	$54,555,696,089	$47,555,194,764	$138,991,217	$1,179,854,935

Table 40

1984 OHIO PERSONAL INCOME TAX RETURNS ACCORDING TO OHIO TAXABLE INCOME CLASS

Ohio Taxable Income Class	Number of Returns		Joint Filer Credit	Ohio Income Tax	
	Number	Percent of Total		Amount	Percent of Total
0 - $ 5,000	792,938	19.48%	$ 227,378	$ 9,534,437	.37%
$ 5,000 - 10,000	621,271	15.26	530,451	34,404,958	1.33
10,000 - 15,000	547,394	13.45	2,935,217	93,987,690	3.64
15,000 - 20,000	468,721	11.52	8,691,735	169,198,823	6.56
20,000 - 25,000	430,678	10.58	20,711,211	257,196,017	9.97
25,000 - 30,000	337,986	8.30	21,033,655	292,121,595	11.33
30,000 - 40,000	490,748	12.06	59,030,267	595,214,204	23.08
40,000 - 50,000	206,733	5.08	41,900,670	360,079,700	13.96
50,000 - 100,000	147,529	3.62	26,253,642	434,053,097	16.83
100,000 and Over	26,501	.65	7,718,650	333,303,745	12.93
Total	4,070,499	100.00%	189,032,876	2,579,094,266	100.00%

Table 41

1984 OHIO PERSONAL INCOME TAX RETURNS CLAIMING THE JOINT FILER CREDIT, BY INCOME CLASS(a)

Income Class (Federal Adjusted Gross Income)	Number Of Returns Claiming Credit	Federal Adjusted Gross Income	Ohio Taxable Income	Joint Filer Credit	Ohio Income Tax
0 - $ 5,000	1,208	$ 3,628,050	$ 11,312,926	$ 67,783	$ 342,036
$ 5,000 - 10,000	17,571	147,115,966	115,133,990	202,353	635,969
10,000 - 15,000	59,245	758,196,970	630,371,296	1,434,023	5,385,560
15,000 - 20,000	96,709	1,705,201,603	1,476,052,821	5,363,069	21,118,655
20,000 - 25,000	128,749	2,909,488,581	2,581,975,502	13,063,668	52,024,681
25,000 - 50,000	633,737	22,720,123,788	20,706,402,084	121,419,582	664,385,393
50,000 - 100,000	134,535	8,256,931,867	7,466,842,730	38,930,719	325,618,945
100,000 and Over	14,394	2,859,578,443	2,371,106,701	8,551,679	157,142,761
Total	1,086,148	$39,360,265,268	$35,359,198,050	$189,032,876	$1,226,654,000

(a) A husband and wife who file a joint return are allowed a tax credit if each spouse earns at least $500 of wage income. The credit is graduated based on income.

Table 42

1984 Ohio Personal Income Tax Returns
Balance Due and Refunds(1)

Income Class (Federal Adjusted Gross Income)	Number of Returns with Balance Due	Balance Due Ohio	Number of Returns with Refunds	Refunds
0 - $ 5,000	22,252	$ 246,058	383,820	$ 9,337,013
$ 5,000 - 10,000	66,305	1,779,985	454,161	25,864,561
10,000 - 15,000	95,206	5,844,084	402,713	37,408,049
15,000 - 20,000	123,934	13,282,403	349,751	41,690,307
20,000 - 25,000	81,674	12,137,737	211,440	30,211,573
25,000 - 30,000	114,144	18,808,943	269,907	43,250,171
30,000 - 40,000	212,572	40,552,956	384,008	69,486,026
40,000 - 50,000	126,139	30,995,103	202,585	44,767,237
50,000 - 100,000	128,371	61,184,464	115,839	39,492,583
100,000 and Over	21,620	38,118,601	9,848	13,503,766
Total	992,217	$222,950,334	$2,784,072	$355,011,286

(1) Balance due is defined as the amount the taxpayer owes after subtracting tax withholding and estimated payments for the year.

Table 43

1984 OHIO PERSONAL INCOME TAX RETURNS, BY COUNTY

County	Number of Returns	Federal Adjusted Gross Income	Ohio Income Tax	County	Number of Returns	Federal Adjusted Gross Income	Ohio Income Tax
Adams	6,008	$ 99,657,576	$ 2,136,382	Lucas	168,647	$4,071,862,515	$119,231,536
Allen	39,224	879,264,686	24,807,969	Madison	11,283	229,115,288	5,715,539
Ashland	16,694	346,699,606	8,649,319	Mahoning	98,038	2,019,699,166	52,790,905
Ashtabula	34,444	700,015,127	17,603,056	Marion	22,895	487,664,960	12,682,900
Athens	14,825	280,096,810	6,738,423	Medina	44,163	1,100,823,301	32,298,226
Auglaize	16,241	334,042,382	8,295,137	Meigs	6,598	124,641,587	3,070,818
Belmont	26,660	530,368,324	13,150,078	Mercer	14,325	282,272,878	6,548,867
Brown	10,359	194,435,538	4,419,720	Miami	34,144	769,104,241	20,419,121
Butler	94,547	2,295,931,231	66,021,549	Monroe	5,211	106,027,722	2,680,678
Carroll	8,557	166,721,144	4,099,572	Montgomery	213,767	5,234,152,993	151,426,750
Champaign	12,088	250,498,429	6,311,552	Morgan	4,327	80,929,538	1,920,155
Clark	51,181	1,111,220,962	29,534,470	Morrow	8,745	170,752,548	3,990,714
Clermont	47,574	1,097,170,197	29,863,125	Muskingum	29,421	593,627,082	15,163,800
Clinton	12,245	247,189,502	5,881,172	Noble	3,793	71,211,496	1,728,627
Columbiana	37,333	732,579,048	17,918,097	Ottawa	15,718	341,991,545	9,128,242
Coshocton	12,553	260,900,244	6,582,557	Paulding	7,159	154,078,013	3,913,538
Crawford	17,988	361,501,856	8,954,084	Perry	9,715	185,471,204	4,438,200
Cuyahoga	555,834	13,698,438,460	409,713,399	Pickaway	14,543	302,518,004	7,698,748
Darke	19,186	382,878,565	9,294,071	Pike	6,571	121,678,473	2,879,354
Defiance	14,044	323,709,633	8,714,171	Portage	48,398	1,082,356,805	30,331,414
Delaware	20,447	508,444,352	14,754,543	Preble	13,502	278,211,507	6,903,237
Erie	30,467	680,288,234	18,900,900	Putnam	12,302	254,903,169	6,301,227
Fairfield	34,318	788,347,274	21,508,753	Richland	47,579	1,047,526,475	28,576,101
Fayette	9,535	173,210,138	3,997,626	Ross	21,955	466,507,995	12,409,055
Franklin	339,302	8,093,732,346	233,346,323	Sandusky	23,720	516,520,270	13,578,274
Fulton	14,468	321,253,393	8,421,464	Scioto	22,801	438,222,798	10,736,213
Gallia	8,872	179,039,326	4,715,319	Seneca	21,975	456,811,481	11,601,490
Geauga	29,153	807,704,914	26,037,233	Shelby	15,921	334,628,371	8,311,449
Greene	46,127	1,126,387,568	31,416,142	Stark	141,011	3,104,403,631	85,006,619
Guernsey	13,701	257,535,765	6,164,970	Summit	193,688	4,584,759,945	133,817,463
Hamilton	327,444	8,325,492,768	247,034,386	Trumbull	86,861	2,021,950,133	58,854,517
Hancock	25,674	631,517,846	18,030,315	Tuscarawas	31,042	626,404,582	16,113,616
Hardin	9,858	192,049,388	4,600,550	Union	10,723	232,055,790	6,050,452
Harrison	5,513	121,699,362	2,841,053	Van Wert	11,466	248,228,245	6,227,769
Henry	10,690	234,084,602	5,993,557	Vinton	3,240	57,110,234	1,339,148
Highland	10,777	192,357,026	4,208,556	Warren	36,369	884,706,748	25,548,283
Hocking	7,569	138,740,806	3,127,816	Washington	22,722	479,395,842	11,910,322
Holmes	9,722	164,910,469	3,701,187	Wayne	36,579	809,924,427	21,168,884
Huron	20,237	425,190,377	10,815,378	Williams	13,891	294,291,698	7,320,905
Jackson	9,374	184,384,890	4,471,841	Wood	38,310	953,244,069	28,311,025
Jefferson	29,753	620,041,559	16,330,071	Wyandot	8,687	176,178,451	4,405,745
Knox	15,357	303,508,038	27,148,112				
Lake	86,374	2,089,135,895	60,505,100	88 Cty. Total	3,916,219	$90,408,507,556	$2,540,503,850
Lawrence	18,211	344,388,476	8,270,692	Other*	154,280	$ 2,733,145,198	$ 38,590,416
Licking	44,304	1,000,528,002	27,081,895				
Logan	13,731	270,831,361	6,609,137				
Lorain	95,853	2,144,418,800	59,233,059	State Total	4,070,499	$93,141,652,754	$2,579,094,268

*Including returns from out-of-state filers and returns not indicating county of residence.

Table 44

RANK OF COUNTIES BY AVERAGE INCOME, AS REPORTED ON 1984 OHIO PERSONAL INCOME TAX RETURNS

County	Average Federal Adjusted Gross Income	Percent of State Average
Geauga	26,602	116.66%
Wood	24,729	108.45
Hamilton	24,694	108.29
Medina	24,584	107.81
Hancock	24,420	107.09
Greene	24,283	106.49
Cuyahoga	24,234	106.28
Warren	24,060	105.51
Montgomery	24,056	105.49
Lake	23,971	105.12
Butler	23,864	104.65
Lucas	23,849	104.59
Franklin	23,584	103.42
Summit	23,368	102.48
Delaware	23,345	102.38
Trumbull	23,275	102.07
Defiance	22,852	100.21
State Average	22,803	100.00
Clermont	22,634	99.26
Fairfield	22,464	98.51
Erie	22,300	97.79
Lorain	22,242	97.54
Miami	22,207	97.39
Portage	22,181	97.27
Licking	22,080	96.83
Fulton	21,883	95.97
Van Wert	21,812	95.65
Richland	21,748	95.37
Stark	21,721	95.26

County	Average Federal Adjusted Gross Income	Percent of State Average
Henry	21,705	95.18
Wayne	21,690	95.12
Clark	21,595	94.70
Sandusky	21,584	94.65
Ottawa	21,442	94.03
Paulding	21,351	93.63
Union	21,224	93.08
Allen	21,210	93.01
Huron	21,127	92.65
Ross	21,109	92.57
Williams	21,014	92.15
Seneca	20,994	92.07
Marion	20,968	91.95
Coshocton	20,803	91.23
Washington	20,990	91.23
Shelby	20,713	90.83
Ashland	20,601	90.34
Champaign	20,564	90.18
Putnam	20,499	89.90
Pickaway	20,463	89.74
Preble	20,407	89.49
Wyandot	20,400	89.46
Jefferson	20,379	89.37
Mahoning	20,366	89.31
Madison	20,283	88.95
Monroe	20,146	88.35
Gallia	20,131	88.28
Darke	20,057	87.96
Muskingum	20,042	87.89
Auglaize	20,041	87.89
Harrison	20,009	87.74

County	Average Federal Adjusted Gross Income	Percent of State Average
Tuscarawas	19,975	87.60
Ashtabula	19,807	86.86
Crawford	19,771	86.70
Knox	19,753	86.62
Clinton	19,664	86.23
Belmont	19,655	86.19
Logan	19,598	85.94
Hardin	19,487	85.46
Carroll	19,385	85.01
Jackson	19,334	84.79
Morrow	19,304	84.66
Columbiana	19,277	84.54
Scioto	19,135	83.91
Mercer	19,009	83.36
Perry	18,931	83.02
Morgan	18,746	82.21
Lawrence	18,634	81.72
Noble	18,611	81.62
Meigs	18,577	81.47
Athens	18,568	81.43
Guernsey	18,511	81.18
Brown	18,392	80.66
Hocking	18,260	80.08
Pike	18,230	79.95
Fayette	17,984	78.87
Other[a]	17,715	77.69
Vinton	17,620	77.27
Highland	17,536	76.90
Holmes	16,879	74.02
Adams	16,453	72.15

[a] Includes returns from out-of-state filers and returns not indicating county.

Table 45

PERSONAL INCOME TAXES REQUIRED TO BE RETURNED TO COUNTIES OF ORIGIN, SCHOOL FOUNDATION PAYMENTS, AND PROPERTY TAX RELIEF REIMBURSEMENT PAYMENTS, CALENDAR YEAR 1985, BY COUNTY*

County	Income Taxes Required To Be Returned To Counties	Actual Amount Returned For School Foundation Payments And Property Tax Relief Reimbursements		
		Total Payments	School Foundation	Property(1) Tax Relief
Adams	$ 1,199,512	$ 7,544,253	$ 7,008,353	$ 535,900
Allen	12,554,430	33,161,874	30,469,019	2,692,855
Ashland	4,825,945	11,410,725	10,049,438	1,361,288
Ashtabula	9,308,773	33,656,739	30,178,824	3,477,915
Athens	3,679,434	20,089,905	18,517,129	1,572,777
Auglaize	4,475,854	10,723,614	9,635,751	1,087,863
Belmont	7,586,218	20,051,549	18,134,674	1,916,874
Brown	2,439,473	12,000,415	11,198,936	801,478
Butler	36,914,292	69,858,954	61,699,413	8,159,541
Carroll	2,207,939	5,805,854	5,244,425	561,430
Champaign	3,316,791	10,866,202	9,926,004	940,198
Clark	15,853,089	50,235,292	46,480,600	3,754,692
Clermont	16,878,253	42,497,540	38,482,346	4,015,195
Clinton	3,284,711	11,274,980	10,178,616	1,096,363
Columbiana	9,776,025	36,947,978	34,316,805	2,631,173
Coshocton	3,750,568	7,092,036	6,168,122	923,913
Crawford	5,004,477	12,612,553	11,220,829	1,391,724
Cuyahoga	225,481,804	347,225,858	268,979,544	78,246,315
Darke	4,884,526	14,416,653	13,065,161	1,351,491
Defiance	4,496,776	10,113,177	8,931,622	1,181,554
Delaware	8,114,840	11,728,438	9,914,093	1,814,345
Erie	10,399,492	20,499,577	17,405,852	3,093,726
Fairfield	12,115,074	27,374,953	24,422,221	2,952,733
Fayette	2,244,204	8,244,703	7,562,115	682,588
Franklin	129,225,129	212,603,820	178,212,787	34,391,033
Fulton	4,552,567	11,364,568	9,987,759	1,376,809
Gallia	2,478,527	9,224,064	8,478,679	745,385
Geauga	13,843,208	15,844,230	12,120,350	3,723,881
Greene	17,303,662	37,302,685	33,007,702	4,294,983
Guernsey	3,380,951	10,700,719	9,609,915	1,090,804
Hamilton	136,144,641	206,239,157	169,309,793	36,929,367
Hancock	10,449,704	13,091,842	11,110,811	1,981,031
Hardin	2,438,078	10,030,010	9,105,593	924,418
Harrison	1,534,260	4,935,212	4,474,303	460,908
Henry	3,209,393	10,778,516	9,596,412	1,182,104
Highland	2,383,682	11,140,561	10,317,611	822,950
Hocking	1,848,086	5,476,243	4,904,757	571,486
Holmes	1,988,959	6,425,255	5,764,986	660,269
Huron	5,879,005	16,390,554	14,840,705	1,549,850
Jackson	2,237,230	11,281,219	10,601,235	679,984
Jefferson	9,519,385	19,527,922	17,561,398	1,966,522
Knox	4,099,263	11,495,533	9,930,319	1,565,214
Lake	32,205,509	46,148,923	36,643,056	9,505,866
Lawrence	4,825,945	30,862,268	29,606,667	1,255,601
Licking	14,910,216	33,150,959	29,630,232	3,520,727
Logan	$ 3,420,005	$ 12,903,483	$ 11,655,073	$ 1,248,409
Lorain	32,635,102	82,184,474	72,767,602	9,416,873
Lucas	65,264,625	111,982,019	95,717,814	16,264,205
Madison	3,161,970	11,034,059	9,940,355	1,093,704
Mahoning	28,648,816	82,222,924	72,544,791	9,678,133
Marion	7,237,522	20,043,597	18,222,720	1,820,876
Medina	17,687,227	36,284,680	31,435,553	4,849,126
Meigs	1,587,262	8,119,082	7,577,192	541,889
Mercer	3,629,222	12,114,650	10,887,852	1,226,798
Miami	11,101,068	28,926,127	26,051,657	2,874,470
Monroe	1,550,997	4,796,983	4,335,637	461,347
Montgomery	82,889,087	148,312,265	126,347,428	21,964,837
Morgan	1,050,271	4,395,802	4,131,300	264,502
Morrow	2,198,176	8,741,946	8,003,384	738,561
Muskingum	8,483,062	29,660,659	27,558,074	2,102,585
Noble	944,267	3,622,007	3,297,866	324,141
Ottawa	4,810,602	7,604,571	6,345,941	1,258,631
Paulding	2,093,567	6,884,322	6,187,291	697,032
Perry	2,359,971	11,497,224	10,720,593	776,631
Pickaway	4,374,035	13,445,558	12,404,360	1,041,198
Pike	1,588,656	12,146,306	11,556,946	589,359
Portage	16,052,543	40,841,147	36,744,605	4,096,542
Preble	3,731,041	12,085,853	10,918,903	1,166,950
Putnam	3,413,031	10,367,415	9,431,188	936,227
Richland	15,747,085	36,744,134	32,347,727	4,396,406
Ross	6,881,853	18,928,993	17,127,672	1,801,321
Sandusky	7,575,059	17,118,142	15,460,975	1,657,166
Scioto	6,171,909	38,481,721	36,604,444	1,877,277
Seneca	5,979,429	13,371,263	11,864,485	1,506,778
Shelby	4,378,220	11,273,531	10,182,995	1,090,535
Stark	47,447,684	95,550,112	84,426,097	11,124,015
Summit	73,938,772	132,104,197	110,107,367	21,996,831
Trumbull	31,743,837	62,576,974	55,102,985	7,473,989
Tuscarawas	8,600,224	23,215,882	20,732,838	2,483,043
Union	3,293,080	5,532,059	4,635,471	896,589
Van Wert	3,410,241	6,768,436	5,834,687	933,749
Vinton	677,864	4,186,107	3,952,428	233,679
Warren	13,865,525	29,170,527	26,425,636	2,744,891
Washington	6,722,848	17,935,422	16,314,299	1,621,124
Wayne	11,734,298	24,964,160	21,800,071	3,164,090
Williams	3,864,940	9,286,182	8,260,055	1,026,128
Wood	15,293,781	26,459,454	22,905,001	3,554,452
Wyandot	2,293,021	5,575,034	4,958,842	616,192
Total	$1,394,781,695	$2,868,907,565	$2,477,833,162	$391,074,404

* Ohio's Constitution requires 50% of all personal income tax collections to be returned to counties of origin. This requirement is met by school foundation payments and property tax relief reimbursements.

(1) This category includes reimbursement for the 10% rollback and the homestead exemption.

SOURCE: Records of the Office of Budget and Management.

Table 46

PERSONAL INCOME TAX RETURNS FILED BY EMPLOYERS AND INDIVIDUALS DURING FISCAL YEARS 1985 AND 1986

	1985				1986			
	Number of Returns		Amount of Tax Payment		Number of Returns		Amount of Tax Payment	
Type of Return	Number	Percent	Amount	Percent	Number	Percent	Amount	Percent
Employer (Withholding):								
Monthly & Quarterly	955,089	16.43%	$2,595,965,465	82.36%	1,052,269	15.92%	$2,586,968,115	81.74%
Annual	187,388	3.22	25,542,870	.61	188,182	2.85	8,772,941	.28
Subtotal	1,142,477	19.65%	$2,621,508,335	83.17%	1,240,451	18.77%	$2,595,741,056	82.02%
Individual Taxpayer:								
Quarterly	661,993	11.39%	$ 263,116,081	8.35%	716,617	10.84%	$314,960,021	9.94%
Annual	4,009,904	68.96	267,320,864	8.48%	4,653,470	70.39	254,354,472	8.04
Subtotal	4,671,897	80.35%	$ 530,436,945	16.83%	5,370,087	81.23%	$569,314,493	17.98%
Total	5,814,374	100.00%	$3,151,945,280	100.00%	6,610,538	100.00%	$3,165,055,549	100.00%
Other Collections:								
Attorney General			$ 3,770,096				$4,135,863	
Assessment Payments			6,324,666				9,267,985	
Adjustment for Bad Checks			(399,921)				(73,850)	
Total			$ 9,694,841				$13,329,998	
Tax Refunded			(383,840,615)				(403,179,594)	
Total Net Tax Collected			$2,777,799,506				$2,775,205,953	

Table 47

PERSONAL INCOME TAX COLLECTIONS, BY MONTH, FISCAL YEAR 1986

Month	Employer Withholding(a)	Individual Taxpayer(b)	Other Collections(c)	Refunds	Total
July	$ 205,493,462	$ 10,180,120	$ 1,309,589	$ (7,752,384)	$ 209,230,787
August	240,143,718	17,881,854	1,034,919	(3,286,904)	255,773,587
September	194,597,661	60,290,075	656,113	(9,311,845)	246,232,004
October	213,983,187	11,978,658	1,122,519	(2,276,111)	224,808,253
November	217,228,140	4,372,063	1,160,265	(5,284,063)	217,476,405
December	185,754,054	9,185,490	1,335,649	(1,031,404)	195,243,789
January	246,886,061	99,387,507	291,942	(20,353,219)	326,212,291
February	258,574,946	8,212,413	1,093,899	(58,585,345)	209,295,913
March	200,104,380	20,631,352	1,304,873	(97,573,846)	124,466,759
April	207,261,486	299,513,318	1,769,209	(106,560,958)	301,983,055
May	224,014,449	59,058,435	516,386	(56,322,227)	227,267,043
June	201,699,513	68,623,212	1,734,633	(34,841,289)	237,216,069
Total	$2,595,741,057	$569,314,497	$13,329,996	$(403,179,595)	$2,775,205,955

(a) Monthly, Quarterly, and Annual returns.

(b) Quarterly Estimated and Annual returns.

(c) Attorney General collections, assessments, and bad checks.

SCHOOL DISTRICT INDIVIDUAL INCOME TAX

The law authorizing the current school district income tax was effective November 15, 1981. Under that law six school districts levied an income tax. Those districts are: Anna Local, Arlington Local, Bradford Exempted Village, Licking Valley Local, McComb Local, and West Liberty-Salem Local. H.B. 291 of the 115th General Assembly repealed the authority of any school district to enact an income tax after August 2, 1983; however, those districts which approved the tax on or before that date may continue to levy the tax. The school district income tax is imposed on the incomes of residents and estates. The Department of Taxation administers the tax and employer withholding is required. During fiscal year 1986 total gross collections for all districts were $1.4 million, prior to deductions for administrative costs and refunds.

TAX BASE (R.C. 5748.01):

For individuals, adjusted gross income for state income tax purposes less personal exemptions. For estates, taxable income for state income tax purposes.

RATES (5748.02):

The tax rates imposed are:

School District	Tax Rate
Anna Local	.50%
Arlington Local	.75
Bradford Exempted Village	1.00
Licking Valley Local	.75
McComb Local	1.00
West Liberty-Salem Local	.50

SPECIAL PROVISIONS:

No new school district income taxes may be levied.

TAXPAYER (R.C. 5748.01):

Every individual or estate having income upon which a school district income tax is imposed.

PAYMENT DATES (R.C. 5747.06-5747.09):

Individual Taxpayers:

1. Calendar year taxpayer files an annual return between January 1 and April 15.
2. Fiscal year taxpayer files before the 15th day of the fourth month after the end of the fiscal year.
3. Taxpayers making quarterly declarations must file an annual estimated return on or before April 15 and quarterly payments of the tax must be made on or before April 15, June 15, and September 15 of the current year and January 15 of the next year.

For Employers:

1. If the employer withholds on a quarterly basis for state income tax purposes, payment is made for both taxes within 30 days after the last day of the quarter ending March, June, September, and December.
2. If the employer withholds on a monthly basis for state purposes, remittances are made for both taxes within 10 banking days after the close of each calendar month.

ADMINISTRATION (R.C. 5747.03):

The Tax Commissioner administers the tax for school districts.

DISPOSITION OF REVENUE (R.C. 5747.03):

Collections are deposited into a School District Income Tax Fund to be distributed back to the school district less 3% retained for state administrative purposes. During the first 16 months the school district income tax is in effect, advance payments to the school district will be made on April 10, July 10, and October 10 of the first calendar year and on January 10 and April 10 of the following calendar year. Each of these advance payments will equal 90% of the amount paid into the fund during the preceding three months. On July 10 of each year, reconciliation between advance payments made to the school district and collections deposited into the School District Income Tax Fund are made. After this initial period, quarterly payments are made to the school district equal to 22.5% of the amount received by the school district during the preceding fiscal year.

OHIO REVISED CODE CITATIONS:

Chapter 5747 and 5748.

INTANGIBLE PROPERTY TAXES

Ohio law provides for the taxation of five classes of intangible property -- investments, credits, money, other intangible property, and shares in and capital employed by dealers in intangibles. Although all of these types of property are included on the intangible property tax lists, we have separated the descriptive section on the intangible property tax into 3 divisions. This separation is based on the differing administrative procedures followed based on the identity of the taxpayer. The three divisions are: (1) intangible property taxes paid by individuals, unincorporated businesses, non-financial corporations, and public utilities (repealed effective 1986); (2) intangible property taxes paid by financial institutions (repealed effective 1984); and (3) intangible property taxes paid by dealers in intangibles. Data for tax collections from all three of these groups are shown in the combined tables following the tax descriptions.

Total taxes levied on intangible property in calendar year 1985 were $170,630,792 -- an increase of about 6% from the previous year. Taxes levied and payable to the State Treasurer were $14,012,494 in calendar year 1985, with $4,545,933 allocated to the 88 county undivided local government funds and $9,466,561 allocated to the state general revenue fund. Taxes levied and payable to county treasurers and allocated to the 88 undivided county classified property tax funds amounted to $156,618,298 in calendar year 1985, with $147,541,559 of this amount distributed to libraries.

INTANGIBLE PROPERTY TAXES PAID BY INDIVIDUALS, UNINCORPORATED BUSINESSES, NON-FINANCIAL CORPORATIONS, AND PUBLIC UTILITIES

NOTE: Intangible property taxes paid by individuals, unincorporated business, non-financial corporations, and public utilities were repealed effective January 1, 1986.

Intangible property taxes paid by these taxpayers are paid to either the State Treasurer (state-collected) or the county treasurers (locally-collected). Intangible property taxes paid by public utilities and inter-county corporations (corporations with taxable property in more than one county) are collected by the State Treasurer. Taxes on the intangible property of individuals, unincorporated businesses, and single-county corporations (corporations with taxable property in only one county) are collected by the treasurer of the county where the taxpayers reside or do business. Total intangible taxes levied on these taxpayers in calendar year 1985 amounted to $165,175,695 -- with $8,557,397 of this amount payable to the State Treasurer (deposited in the state general revenue fund) and $156,618,298 payable to county treasurers (deposited in county undivided classified property tax funds).

TAX BASE (R.C. 5701.04-5701.10, 5711.22, 5725.05) AND RATES (R.C. 5707.03, 5707.04):

Type of Property(a)	Base	Rate
Investments:		
productive	Income Yield	5.0%
unproductive	Value	0.2% (2 mills)
Deposits	Value	0.2% (2 mills) prior to 1982 0.1375% (1.375 mills) for 1982 and 1983 no tax for 1984 and thereafter
Credits	Value	0.3% (3 mills)
Money and Other Intangible Property	Value	0.3% (3 mills)

(a) Definitions:

"Investments" include: (1) shares of stock in corporations, associations, or joint stock companies; (2) interest-bearing obligations such as notes, corporate and municipal bonds, and deposits in financial institutions located outside of Ohio (if income yield exceeds 4%); (3) land contracts, annuities, and royalties from patents; and (4) equitable interests (including trusts and life estates) in any of these investments.

TAX BASE (R.C. 5701.04-5701.10, 5711.22, 5725.05) AND RATES (R.C. 5707.03, 5707.04) (cont'd):

"Deposits" include: deposits in financial institutions (unless the tax is paid by the financial institution), member shares of federal credit unions, and postal savings accounts. Financial institutions in Ohio are required to pay the tax for their depositors.

"Credits" are the excess of current accounts receivable over current accounts payable. Tax applies only to accounts used in business.

"Money" includes: (1) gold, silver, and other coins; (2) U.S. legal tender notes; and (3) other notes and certificates of the U.S. intended for circulation.

"Other intangible property" includes every valuable right, title, or interest not included in the other definitions of intangible property unless expressly excluded from those definitions. Examples include escrow accounts, deposits with utilities, and surety bonds.

EXEMPTIONS AND EXCEPTIONS:

Exemptions (R.C. 140.08, 5709.02, 5709.04, 5709.041, 5725.26):

1. Intangible property belonging to organizations operated exclusively for the following purposes: religious, educational, charitable, scientific, literary, health, hospital, other public purposes, prevention of cruelty to children or animals, homes for the aged.
2. Deposits representing withheld taxes, and deposits not used in business to the extent that they represent funds belonging to non-residents of Ohio.
3. Delayed price sales agreements for grain or soybeans if entered into by a person engaged in agriculture.
4. State bonds issued under Constitutional and Ohio Revised Code sections authorizing exempt status.
5. Bonds issued by public hospital agencies.
6. Shares owned by a corporation in any other corporation or its own treasury stock.
7. Shares owned by an unincorporated mutual fund.
8. All intangible property of financial institutions and dealers in intangibles.

Exceptions (R.C. 5701.06):

1. Shares of stocks as follows:

   Issued by instrumentalities of the federal government;
   In financial institutions, dealers in intangibles, and domestic insurance companies;
   Defined as deposits.

2. Interest-bearing obligations as follows:

   Issued by the U.S. or any of its territories, districts, or dependencies;
   Issued by any instrumentality of the federal government;
   Issued prior to 1913 by the state of Ohio or any subdivision;
   Defined as deposits and current accounts.

3. Contractual obligations for payment of money as follows:

   Interest in land;
   Contracts of insurance;
   Contracts of employment or partnership and retirement annuities resulting therefrom;
   Pension and profit-sharing plans.

TAXPAYER (R.C. 5711.01, 5727.01), DATES OF PAYMENT (R.C. 323.16, 5719.02, 5725.06, 5725.22), DISPOSITION OF REVENUE (R.C. 5707.05, 5725.24) AND RETURN DATES (R.C. 5711.02, 5711.13, 5727.08, 5727.17):

Except for public utilities, returns must be filed between February 15th and April 30th (public utilities file returns including all of their property by March 1st) unless time extension of 60 days is allowed by the county auditor or Tax Commissioner. The Tax Commissioner certifies the intangible property values of inter-county corporations and public utilities to the State Auditor by the second Monday in August and the first Monday in October, respectively.

Intangible Taxes Collected by State Treasurer

Taxpayer	Payment Dates	Disposition of Revenue
Inter-county Corporations	September 30	State General Revenue Fund
Public Utilities	November 30	State General Revenue Fund

Intangible Taxes Collected by County Treasurers

Taxpayer	Payment Dates	Disposition of Revenue
Individuals	April 30 and September 20	Undivided Classified Property Tax Fund (primarily distributed to libraries but including municipalities, counties, and township park districts).
Unincorporated Businesses	April 30 and September 20	
Single-county Corporations	April 30 and September 20	

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5701, 5705, 5707, 5709, 5711, 5719, 5725, 5727.

ADMINISTRATION (R.C. 5711.11, 5711.13):

Each county auditor is a deputy of the Tax Commissioner for the purpose of administering the intangible property tax (except the tax on public utilities). Taxpayers are required to file returns with either the Tax Commissioner or the county auditor. The following table indicates where the returns are filed and who is responsible for assessing the property.

Taxpayer	Filed With And Tax Assessed By
Inter-county corporations (corporations with taxable property in more than one Ohio county)	Tax Commissioner
Public utilities	Tax Commissioner
Single-county corporations (corporations with taxable property in only one Ohio county)	County Auditor
Individuals and Unincorporated Businesses	County Auditor

RECENT SIGNIFICANT COURT DECISIONS:

Rohio, Inc. v. Limbach (Feb. 12, 1986) BTA No. 83-D-374.

Corporate owner did not have separate business situs for transaction, therefore, situs of current accounts receivable determined to be Ohio. However, payables due-on-demand must be deducted from such receivables.

Arthur Young & Co. v. Lindley (March 24, 1986), BTA No. 82-D-607.

A non-domiciliary's billed but unbooked accounts receivable, arising out of business generated and transacted in Ohio, are used in business in Ohio when the non-domiciliary's local agents exert control over the accounts receivable as regards to generation, creation, billing, acceptance of payment, deposit and utilization of the accounts receivable.

Grinnell Communications Corp. v. Lindley (April 15, 1986), BTA No. 82-G-132.

Film rights were not "prepaid expenses" includable in the taxpayer's taxable credits computation.

James R. MacGregor v. Limbach (May 19, 1986), BTA No. 83-C-421.

An account receivable owed to appellant by his client is properly classified as an "other taxable intangible" and is not offset by loans and mortgages owed by appellant to financial institutions.

INTANGIBLE PROPERTY TAXES PAID BY FINANCIAL INSTITUTIONS

NOTE: The intangible property taxes paid by financial institutions were repealed effective in 1983 and 1984.

Prior to 1982, all financial institutions were subject to intangible property taxes on the value of their deposits and the value of their shares or capital employed. Beginning in 1982, as a result of changes enacted in Am. Sub. H.B. 694 of the 114th General Assembly, the intangible property tax on financial institutions was phased out as financial institutions were made subject to the corporate franchise tax. The tax on shares was repealed in 1982 for all financial institutions except those which were not subject to the corporate franchise tax in that year. All shares were exempt beginning in 1983. The tax rate on deposits was reduced from 2 mills to 1.375 mills for 1982 and 1983 and repealed altogether beginning in 1984. The tax rate on shares was reduced from 3 mills to 1.5 mills for 1982 and was repealed beginning in 1983.

INTANGIBLE PROPERTY TAXES PAID BY DEALERS IN INTANGIBLES

Dealers in intangibles pay intangible property taxes on the fair value of the shares of their stockholders allocated to Ohio on the basis of gross receipts. Taxes levied on shares of dealers in intangibles amounted to $5,455,097 in 1985.

TAX BASE (R.C. 5725.13, 5725.14, 5725.15):

The tax base for dealers in intangibles is either:

1. shares of stock of incorporated dealers in intangibles and unincorporated dealers in intangibles with capital stock divided into shares; or

2. capital employed in Ohio by an unincorporated dealer in intangibles with capital stock not divided into shares.

For dealers in intangibles with offices in more than one state, the tax base is allocated to Ohio based on gross receipts from offices in Ohio.

RATES (R.C. 5707.03):

Rate on fair value of shares or capital employed is 6 mills.

EXEMPTIONS (R.C. 5709.04, 5725.01, 5725.26):

Excluded from definition of dealer in intangibles:

1. institutions used exclusively for charitable purposes;
2. insurance companies;
3. financial institutions.

Shares owned by the following are excluded from base:

1. financial institutions;
2. domestic insurance companies;
3. institutions used exclusively for charitable purposes;
4. other dealers in intangibles.

TAXPAYER (R.C. 5725.01):

Firms having an office in Ohio and engaged in: (1) lending money; (2) discounting, buying, or selling bills or exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness; or (3) buying or selling bonds, stocks, or other investment securities.

FILING AND PAYMENT DATES (R.C. 5725.06, 5725.10, 5725.14, 5725.16, 5725.22):

Second Monday in March -- Returns must be filed by this date unless a time extension (not to exceed 60 days) is allowed by the Tax Commissioner.

First Monday in June -- Tax Commissioner certifies tax base by county to State Treasurer.

State Treasurer issues tax bill within 20 days of certification by Tax Commissioner with payment due 20 to 30 days from the date the bill is mailed.

DISPOSITION OF REVENUE (R.C. 5725.15, 5725.24):

1. One mill of receipts credited to state General Revenue Fund.

2. Five mills of receipts distributed to the county where the firm's capital was employed (determined on the basis of gross receipts). Revenue is placed in each county's undivided local government fund and distributed among the local subdivisions by the county budget commisison.

OHIO REVISED CODE CITATIONS:

Chapters 5707, 5709, and 5725.

ADMINISTRATION (R.C. 5725.14):

Returns are filed with the Tax Commissioner -- who determines the taxable values. Taxes are collected by the State Treasurer.

Table 48

INTANGIBLE PROPERTY TAXES LEVIED, BY LEVEL OF COLLECTION AND DISTRIBUTION OF FUNDS, CALENDAR YEAR 1985

Collected By	Allocation to County Undivided Local Government Funds	Undivided County Classified Property Tax Funds	State General Revenue Fund	Total
County Treasurer	-	$156,618,298*	-	$156,618,298
State Treasurer	$4,545,933	-	$9,466,561	$ 14,012,494
Total	$4,545,933	$156,618,298	$9,466,561	$170,630,792

* $147,541,559 was distributed to public libraries.

Table 49

INTANGIBLE PROPERTY TAXES LEVIED, BY LEVEL OF COLLECTION AND FORM OF PROPERTY, CALENDAR YEARS 1981 - 1985

Level of Collection and Form of Property	1981	1982	1983	1984	1985
Locally-Collected[a]					
Productive Investments	$106,877,698	$121,354,757	$134,196,809	$135,255,921	$144,078,983
Unproductive Investments	3,205,952	3,282,308	3,904,254	3,834,794	3,522,776
Deposits	309,590	297,422	332,671	0*	0*
Credits	5,673,744	6,183,026	6,542,257	7,058,922	7,744,546
Money & Other Intangibles	655,958	702,853	766,702	1,172,776	1,271,993
Total -- Locally-Collected	$116,722,942	$131,820,366	$145,742,693	$147,322,413	$156,618,298
State-Collected					
Public Utility Companies:					
Productive Investments	$ 48,634	$ 185,316	$91,188	$ 28,929	$ 37,206
Unproductive Investments	15,308	16,552	55,656	4,635	1,247
Deposits	29,707	14,285	19,830	0*	0*
Credits	152,916	172,777	199,229	545,823	727,041
Money & Other Intangibles	100,712	113,476	20,532	12,271	8,566
Total	$ 347,277	$ 502,406	$ 386,435	$591,658	$774,060
Intercounty Corporations:					
Productive Investments	$ 2,182,524	$ 3,884,692	$3,045,952	$2,773,614	$2,389,834
Unproductive Investments	341,407	1,261,900	1,470,082	1,169,467	852,209
Deposits	382,557	195,911	211,784	0*	0*
Credits	2,818,423	2,911,518	3,095,739	3,466,452	4,151,360
Money & Other Intangibles	342,354	415,310	354,184	369,750	389,934
Total	$ 6,567,265	$ 8,669,331	$8,177,741	$7,779,283	$7,783,337
Financial Institutions:					
Deposits In:					
Banks	$ 65,912,985	$ 47,957,971	$53,075,924	0*	0*
Savings & Loans	62,062,327	44,758,663	45,738,896	0*	0*
State Credit Unions	2,173,922	1,524,389	1,688,692	0*	0*
Federal Credit Unions	0	0	0	0*	0*
Total	$130,149,234	$ 94,241,023	$100,503,512	0*	0*
Shares In:					
Banks	$ 5,135,926	0	0*	0*	0*
Savings & Loans	6,709,788	$ 677,452	0*	0*	0*
State Credit Unions	355,078	201,112	0*	0*	0*
Small Business Investment Co.	459,599	14,552	0*	0*	0*
Total	$ 12,660,391	$ 893,116	0*	0*	0*
Dealers in Intangibles:					
Shares in	$ 2,893,856	$ 3,814,852	$ 4,584,324	$ 5,180,737	$ 5,455,097
Total -- State-Collected	$152,618,023	$108,120,728	$113,652,012	$ 13,551,678	$ 14,012,494
Grand Total	$269,340,965	$239,941,094	$259,394,705	$160,874,091	$170,630,792

(a) Includes property of individuals, partnerships, and single-county corporations.

* Tax repealed

Table 50

INTANGIBLE TAXES LEVIED, BY FORM OF PROPERTY, CALENDAR YEARS 1984 AND 1985

		1984		1985	
Form of Property Subject to Tax	Tax Rate	Amount	Percent of Total	Amount	Percent of Total
Productive Investments:	0.05				
Individuals, Partnerships, and Single-county Corporations		$135,255,921		$144,078,983	
Public Utilities		28,929		37,206	
Inter-county Corporations		2,773,614		2,389,834	
Total		$138,058,464	85.82%	$146,506,023	85.86%
Unproductive Investments:	0.002				
Individuals, Partnerships, and Single-county Corporations		$3,834,794		$3,522,776	
Public Utilities		4,635		1,247	
Inter-county Corporations		1,169,467		852,209	
Total		$5,008,896	3.11%	$4,376,232	2.56%
Credits:	0.003				
Individuals, Partnerships, and Single-county Corporations		$7,058,922		$7,744,546	
Public Utilities		545,823		727,041	
Inter-county Corporations		3,466,452		4,151,360	
Total		$11,071,197	6.88%	$12,622,947	7.40%
Money and Other Intangibles:	0.003				
Individuals, Partnerships, and Single-county Corporations		$1,172,776		$1,271,993	
Public Utilities		12,271		8,566	
Inter-county Corporations		369,750		389,934	
Total		$1,554,797	0.97%	$1,670,493	0.98%
Shares and Capital Employed In:					
Dealers in Intangibles	0.006	$5,180,737		$5,455,097	
Total		$5,180,737	3.22%	$5,455,097	3.20%
Grand Total		$160,874,091	100.00%	$170,630,792	100.00%

* Tax repealed.

Table 51

INTANGIBLE PROPERTY TAXES LEVIED FOR LOCAL GOVERNMENT PURPOSES, CALENDAR YEAR 1985, BY COUNTY

County	Locally-Collected(1)	State-Collected(2)	Total	County	Locally-Collected(1)	State-Collected(2)	Total
Adams	$52,749	$ 326	$ 53,075	Logan	$ 298,722	407	299,129
Allen	1,207,302	31,089	1,238,391	Lorain	1,987,506	43,240	2,030,746
Ashland	548,510	474	548,984	Lucas	6,877,527	118,194	6,995,721
Ashtabula	698,265	2,062	700,327	Madison	188,087	76	188,163
Athens	252,360	4,565	256,925	Mahoning	2,839,222	123,296	2,962,518
Auglaize	508,158	3,800	511,958	Marion	542,223	4,023	546,246
Belmont	582,358	1,685	584,043	Medina	1,023,877	2,122	1,025,999
Brown	181,036	-0-	181,036	Meigs	65,820	-0-	65,820
Butler	2,440,482	60,714	2,501,196	Mercer	379,615	741	380,356
Carroll	176,115	-0-	176,115	Miami	1,189,855	2,481	1,192,336
Champaign	188,213	-0-	188,213	Monroe	49,368	-0-	49,368
Clark	1,215,935	8,146	1,224,081	Montgomery	9,606,856	456,017	10,062,873
Clermont	895,445	66,236	961,681	Morgan	60,227	41	60,268
Clinton	402,616	19	402,635	Morrow	125,192	-0-	125,192
Columbiana	807,177	7,053	814,230	Muskingum	687,786	4,742	692,528
Coshocton	368,613	2,463	371,076	Noble	88,620	-0-	88,620
Crawford	478,041	486	478,527	Ottawa	449,449	-0-	449,449
Cuyahoga	30,953,537	1,560,195	32,513,732	Paulding	115,326	-0-	115,326
Darke	457,677	1,752	459,429	Perry	84,730	-0-	84,730
Defiance	332,503	1,277	333,780	Pickaway	237,483	368	237,851
Delaware	772,036	4,701	776,737	Pike	88,607	462	89,069
Erie	1,149,401	6,066	1,155,467	Portage	1,167,813	4,645	1,172,458
Fairfield	938,566	6,518	945,084	Preble	216,320	654	216,974
Fayette	213,672	3,803	217,475	Putnam	201,717	-0-	201,717
Franklin	16,277,632	789,786	17,067,418	Richland	1,583,312	43,443	1,626,755
Fulton	408,737	127	408,864	Ross	441,068	6,753	447,821
Gallia	175,456	2,055	177,511	Sandusky	553,805	1,149	554,954
Geauga	1,828,881	-0-	1,828,881	Scioto	472,101	3,813	475,914
Greene	1,484,334	31,082	1,515,416	Seneca	611,833	2,082	613,915
Guernsey	193,541	1,147	194,688	Shelby	507,227	1,441	508,668
Hamilton	27,439,559	679,663	28,119,222	Stark	5,038,922	76,509	5,115,431
Hancock	1,319,131	38,376	1,357,507	Summit	7,771,292	140,761	7,912,053
Hardin	161,384	-0-	161,384	Trumbull	2,194,825	17,646	2,212,471
Harrison	282,283	-0-	282,283	Tuscarawas	723,484	4,429	727,913
Henry	206,265	-0-	206,265	Union	280,769	-0-	280,769
Highland	257,191	-0-	257,191	Van Wert	279,139	13	279,152
Hocking	100,836	-0-	100,836	Vinton	38,783	-0-	38,783
Holmes	207,270	82	207,352	Warren	884,470	384	884,854
Huron	523,683	871	524,554	Washington	473,953	33,165	507,118
Jackson	262,651	1,548	264,199	Wayne	1,363,681	1,381	1,365,062
Jefferson	636,065	19,581	655,646	Williams	457,284	292	457,676
Knox	408,437	833	409,270	Wood	2,055,462	2,748	2,058,210
Lake	2,878,306	42,135	2,920,441	Wyandot	209,798	-0-	209,798
Lawrence	112,231	63,263	175,494				
Licking	1,120,502	4,336	1,124,838	Total	$156,618,298	$4,545,933	$161,164,231

(1) Taxes paid by individuals, unincorporated businesses, and corporations with property in only one Ohio county.
(2) 5 mills of receipts from tax on shares in and capital employed by dealers in intangibles.

LIBRARY AND LOCAL GOVERNMENT SUPPORT FUND

The library and local government support fund (LLGSF) was created in House Bill 291 of the 115th General Assembly, to replace the locally-collected intangible property tax, which was repealed beginning in calendar year 1986. The purpose of this fund is to provide state aid to counties on a monthly basis for libraries and local governments which were receiving revenue from the intangible property tax. Approximately 96% of the state aid is distributed to libraries; however, there are nine counties which provide a portion of these funds to local governments. House Bill 291 created a 12 member Public Library Financing and Support Committee to assist the legislature and Governor in developing an equitable method of distributing the funds among the counties. The committee issued a report which included a distribution formula that was incorporated in House Bill 146. This bill was passed by the Legislature in May 1985, and signed into law by the Governor on July 12, 1985.

REVENUE SOURCE (R.C. 5747.03):

The library and local government support fund consist of 6.3% of the preceding month's personal income tax collections beginning January 1, 1986.

DISTRIBUTIONS TO COUNTIES (R.C. 5747.46):

The distribution formula contained in consists of two parts: the "guaranteed share" and the "share of the excess."

The "guaranteed share" for the calendar year 1986 distribution was equal to 94% of the total LLGSF for the year. Each county received a portion of the guaranteed share equal to the county's percentage share of the 1985 intangible tax levied statewide. This method of determining the guaranteed portion was only used for the distributions made in the first year of the LLGSF distribution. In subsequent years, each county's guaranteed share will be determined by its previous year's total distribution plus an inflation adjustment.

The "share of the excess" for calendar year 1986 was equal to 6% of the LLGSF total. This amount was distributed among counties based on their equalization ratios. The equalization ratios were calculated based on the county's most recent percentage of the state's population and its percentage of the statewide intangible taxes in 1981, 1982, and 1983. Each county's equalization ratio was multiplied by the total amount of the "share of the excess" to determine each county's portion of that amount. For years 1987 and thereafter, the equalization ratio will be determined by the county's most recent percentage of the state's population and the county's percentage share of the previous year's total distribution. The ratio will allow those counties that have had the lowest per capita intangible taxes levied in prior years the greatest per capita growth in funding, while assuring that all counties have relative growth.

MONTHLY DISTRIBUTION PROCEDURE (R.C. 5747.47 and 5747.48):

Allocations from the previous month's LLGSF balance to counties are made on or before the tenth of each month. The Department of Taxation determines the total amount available and then determines the allocation to be made to each county. The allocation of the county LLGSF is made by the county treasurer among the county, boards of public library trustees, municipal corporations, and the board of township park commissioners on or before the fifteenth of each month.

USE OF FUNDS DISTRIBUTED (R.C. 3375.05, 3375.121, 3375.40, 3375.403, 3375.82, 3375.85, and 5705.32):

The county budget commission determines the amounts to be given to all libraries. The amount given to each library is based on its needs for building construction and improvement, operations, maintenance, and other expenses required for the library and its branches. The amount paid to all libraries shall never be a smaller percentage than the average percentage of the county's classified taxes that were distributed to libraries in 1982, 1983, and 1984. After fixing the amount to be distributed to libraries in the county, the county budget commission shall fix an amount to distribute to municipal corporations in the county. Each municipal corporation shall receive a percentage of the remainder equal to the percent received of classified property taxes originating from such municipality in 1984.

REVENUE ENTITLEMENTS TO COUNTIES (5747.47):

The Library and Local Government Fund was estimated to equal $185.4 million in calendar year 1986. Entitlement figures were certified to the counties in December 1985 and in June 1986. The December 1985 estimated entitlement figures certified to counties were calculated using an estimate for intangible taxes levied by counties in 1985. The June 1986 figures used the actual intangible taxes levied by counties in 1985. Both estimated entitlements used the $185.4 million LLGSF total for the calendar year 1986. The Department of Taxation will certify three entitlement figures to counties for each year, one by July 20th of the previous year, one by December 20th of the previous year and the other by June 20th of the distribution year. The certification made to counties in December will also certify the amount the county was entitled to receive under the distribution formula during the current calendar year, the amount the county actually received, and the difference between the two. During the first six months of the next year each county's distribution will be adjusted for any overpayment or underpayment in the preceding year. Table 52 shows the amounts actually distributed to the counties in 1986 which was $178.2 million.

Table 52

LIBRARY AND LOCAL GOVERNMENT SUPPORT FUND: AMOUNTS DISTRIBUTED TO COUNTIES, CALENDAR YEAR 1986

County	Amount Distributed	County	Amount Distributed	County	Amount Distributed
Adams	$ 198,542	Hamilton	$ 29,776,320	Noble	$ 148,643
Allen	1,400,876	Hancock	1,485,693	Ottawa	510,102
Ashland	628,080	Hardin	235,614	Paulding	173,590
Ashtabula	903,622	Harrison	271,290	Perry	217,440
Athens	430,240	Henry	246,669	Pickaway	335,784
Auglaize	580,666	Highland	321,164	Pike	164,684
Belmont	753,899	Hocking	186,418	Portage	1,420,145
Brown	259,858	Holmes	274,111	Preble	313,683
Butler	2,918,671	Huron	614,183	Putnam	284,805
Carroll	234,550	Jackson	311,560	Richland	1,897,367
Champaign	259,858	Jefferson	810,943	Ross	564,997
Clark	1,514,928	Knox	516,849	Sandusky	675,479
Clermont	1,196,631	Lake	3,229,172	Scioto	673,706
Clinton	463,396	Lawrence	460,183	Seneca	714,343
Columbiana	1,022,328	Licking	1,347,774	Shelby	586,013
Coshocton	446,637	Logan	374,994	Stark	5,667,001
Crawford	577,106	Lorain	2,447,489	Summit	8,546,910
Cuyahoga	34,150,284	Lucas	7,667,079	Trumbull	2,659,154
Darke	562,486	Madison	276,607	Tuscarawas	884,725
Defiance	414,556	Mahoning	3,317,930	Union	345,047
Delaware	860,852	Marion	703,629	Van Wert	341,839
Erie	1,274,339	Medina	1,261,842	Vinton	81,629
Fairfield	1,093,625	Meigs	163,258	Warren	1,063,331
Fayette	267,700	Mercer	460,178	Washington	592,434
Franklin	17,643,152	Miami	1,376,261	Wayne	1,525,652
Fulton	486,561	Monroe	110,146	Williams	531,113
Gallia	237,411	Montgomery	10,629,253	Wood	2,267,070
Geauga	2,049,600	Morgan	100,165	Wyandot	252,724
Greene	1,624,106	Morrow	212,801		
Guernsey	301,564	Muskingum	844,094	Total	$178,229,203

STATE AND COUNTY LOCAL GOVERNMENT FUNDS

The tables in this section deal with certain state-imposed taxes which are collected by the state treasurer but are distributed to local governments for expenditure. Revenues from these taxes are commonly referred to as local government fund moneys. Ohio has in fact 89 "local government" funds, one state fund and 88 county funds. These funds are closely interrelated in law and administrative practice, but by statute they are also sharply differentiated, both as to the revenues of which they are composed and the formulas under which they are distributed. In the language of the statutes, there is one state "local government fund." There are 88 county "undivided local government funds." The accompanying tables show state and county undivided local government fund statistics for calendar year 1985 and the descriptions which follow reflect statutes in force during that period.

REVENUE SOURCES FOR STATE LOCAL GOVERNMENT FUND (R.C. 5733.12, 5739.21, 5747.03):

The state local government fund is composed of 3.5% of the state sales and personal income taxes and 15.4% of corporate franchise tax collections. These percentages of the previous month's collections of the three taxes are transferred to the state local government fund by the 10th of each month.

DETERMINATION OF COUNTY AND MUNICIPAL PORTIONS (R.C. 5747.50):

Before state local government fund revenues are distributed to local governments, the total amount in the fund is divided into municipal and county portions. This division of ~~the~~ state local goverment fund is determined by statutory formula. The total amount distributed to the county undivided local goverment funds equals: (1) eleven twelfths of the difference between the amount transferred to the state local government fund and 145.45% of the 1983 deposits tax revenue; plus (2) 145.45% of the 1983 deposits tax revenue; less (3) $6 million. The remainder (1/12 of the difference between the amount transferred and 145.45% of the 1983 deposits tax plus $6 million) is distributed directly to municipalities.

DISTRIBUTIONS TO COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS (R.C. 5747.501):

Each year, each county's share of the local goverment fund is determined as follows:

> FORMULA 1: Each county receives 145.45% of the deposits taxes it actually received from financial institutions in 1983. Eleven twelfths of the remaining revenue in the fund (less $6 million) is distributed on the basis of the county's population at the last decennial census and the value of property within municipalities in the county for the second preceding year (25% is distributed based on population and 75% is distributed based on municipal property values). The minimum distribution from the population/valuation segment is $225,000. These two amounts are added together to determine the county's "formula 1" amount.
>
> FORMULA 2: Eleven twelfths of the total state local government fund (less $6 million) is distributed to the counties based on county population and county municipal property values (25% based on population and 75% based on property values). The minimum distribution is $225,000. This is the county's "formula 2" amount.

The highest of these two formula allocations (called the "assigned amount") is taken for each county and these amounts for the 88 counties are added together to get a statewide total. Each county's "assigned amount" is then computed as a percentage of the total of the 88 "assigned amounts." Each county's percentage is its share of the county portion of the state local government fund. These percentages are applied against the total amount in the fund to determine each county's distribution. However, regardless of the resulting amounts, each county is guaranteed at least the amount it actually received in 1983. In addition, each county undivided local government fund receives 5/6 of the tax on dealers in intangibles attributed to that county.

DIRECT DISTRIBUTIONS TO MUNICIPALITIES (R.C. 5747.50):

Each municipality levying an income tax in the preceding year receives a share of the municipal portion of the state local government fund. The share each receives equals its percentage of total municipal income taxes collected in the state in the second preceding year.

MONTHLY DISTRIBUTION PROCEDURE (R.C. 5747.50):

Allocations from the state local government fund to both municipal corporations and counties are made on or before the tenth of each month, at the same time that the statutes require the crediting to the state local government fund of revenues from the three component taxes. Only the portion distributed to the counties is subject to possible further adjustments--to meet a minimum allocation per month of $25,000 and a minimum allocation per year equal to the amount actually received in calendar year 1983. The statutes authorize adjustments to be made in December to ensure each county the minimum allocation to which it is entitled for the entire calendar year. They also authorize moneys to be withheld during December or the ensuing calendar year so that the total amount received by a county does not exceed the proportionate share to which it is entitled or its statutory minimum, whichever is greater.

USE OF FUNDS DISTRIBUTED TO MUNICIPALITIES AND COUNTIES (R.C. 5747.50-5747.53):

All amounts received by a municipal corporation from the municipal portion of the state local government fund are paid into the municipality's general fund to be used for any lawful purpose. However, the amount which a county receives from the state local government fund is expressly designated for deposit in the county's undivided local government fund, where it is combined with revenue from one other source, state-collected intangible taxes paid by dealers in intangibles which are returned to the counties of origin. From the county undivided local government fund these moneys are then disbursed to local governments to be used for current operating expenses--to the county government itself, to municipalities, townships, and special districts. The statutes provide for these fund distributions to be made according to percentage determinations previously arrived at by each county budget commission on the basis of revenue estimates supplied by the Department of Taxation and according to specific statutory guidelines which are intended to yield a distribution which reflects the "needs" of the various recipient governmental units or according to alternative apportionment methods or formulas devised by the county budget commission. Such alternative apportionments are authorized if approved by subdivisions within the county as required by statute.

REVENUES DISTRIBUTED TO LOCAL GOVERNMENTS IN 1985:

About $298.4 million was distributed to local governments during 1985 from the state local government fund. An additional $6.0 million was earmarked for the county undivided local government fund from the tax on dealers in intangibles. As shown in table 53, the amount distributed from the state local government fund increased 7.6% while the earmarked intangibles taxes increased 26.5%. Table 54 shows the amounts distributed from the state local government fund to counties and municipalities by county. Table 55 shows the amounts distributed to counties for redistribution to subdivisions by the conty budget commissions. The amount actually distributed by the budget commissions are shown in table 56 by type of subdivision for each county.

Table 53

TOTAL STATE-COLLECTED REVENUES DISTRIBUTED
FOR GENERAL LOCAL GOVERNMENTAL PURPOSES, CALENDAR YEARS 1981-1985

	Total State Local Government Fund		Earmarked Intangible Taxes		State LGF and Intangible Taxes Combined	
	Amount	Percent Increase	Amount	Percent Increase	Amount	Percent Increase
1981	$109,032,313	- 5.57%	$145,261,965	+ 4.66%	$254,294,278	+ 5.05%
1982	161,350,590	+ 47.98	99,507,065	- 31.50	260,857,595	+ 2.58
1983	165,944,316	+ 2.85	104,524,780	+ 5.04	270,469,096	+ 3.68
1984	277,430,325	+ 67.18	4,773,659	- 95.43	282,203,984	+ 4.34
1985	298,436,550	+ 7.57	6,038,325	+ 26.49	304,474,875	+ 7.89

Source: Ohio Auditor of State.

Table 54

STATE LOCAL GOVERNMENT FUND:[a] AMOUNTS DISTRIBUTED TO COUNTIES AND MUNICIPALITIES, BY COUNTY, CALENDAR YEAR 1985

Counties	To County Undivided Local Government Fund	To Municipalities	Total State LGF
Adams	$ 401,415	-0-	$ 401,415
Allen	2,702,767	$ 110,402	2,813,169
Ashland	1,001,439	45,062	1,046,501
Ashtabula	2,081,204	83,759	2,164,963
Athens	857,937	28,685	886,622
Auglaize	1,094,590	27,365	1,121,955
Belmont	1,810,983	15,025	1,826,008
Brown	529,252	2,119	531,371
Butler	6,301,515	365,657	6,667,172
Carroll	402,814	4,052	406,866
Champaign	694,853	20,268	715,121
Clark	2,769,064	203,238	2,972,302
Clermont	1,464,675	17,994	1,482,669
Clinton	686,461	9,022	695,483
Columbiana	2,130,157	71,193	2,201,350
Coshocton	762,828	27,656	790,484
Crawford	1,238,932	39,290	1,278,222
Cuyahoga	55,485,992	4,797,123	60,283,115
Darke	1,140,186	27,046	1,167,232
Defiance	978,222	30,601	1,008,823
Delaware	1,158,928	36,591	1,195,519
Erie	1,739,931	70,475	1,810,406
Fairfield	1,826,648	63,337	1,889,985
Fayette	521,420	11,465	532,885
Franklin	27,135,370	2,501,885	29,637,255
Fulton	1,011,230	39,167	1,050,397
Gallia	517,224	11,832	529,056
Geauga	1,063,820	23,041	1,086,861
Greene	2,978,303	84,645	3,062,948
Guernsey	876,399	24,715	901,114
Hamilton	24,277,491	2,408,179	26,685,670
Hancock	1,727,063	77,705	1,804,768
Hardin	648,418	21,380	669,798
Harrison	400,016	5,557	405,573
Henry	629,956	13,526	643,482
Highland	664,083	14,732	678,815
Hocking	471,907	14,059	485,966
Holmes	484,216	4,327	488,543
Huron	1,317,536	46,420	1,363,956
Jackson	541,560	-0-	541,560
Jefferson	2,275,897	67,083	2,342,980
Knox	954,724	35,570	990,294
Lake	7,057,630	350,114	7,407,744
Lawrence	859,056	27,200	886,256
Licking	2,572,133	112,716	2,684,849
Logan	861,574	24,300	885,874
Lorain	8,393,069	270,730	8,663,799
Lucas	14,040,571	1,501,901	15,542,472
Madison	546,596	14,113	560,709
Mahoning	6,180,671	356,881	6,537,552
Marion	1,516,425	54,302	1,570,727
Medina	2,612,414	65,376	2,677,790
Meigs	403,933	-0-	403,933
Mercer	1,037,525	23,539	1,061,064
Miami	2,170,718	78,060	2,248,778
Monroe	319,849	3,511	323,360
Montgomery	14,461,008	1,258,021	15,719,029
Morgan	349,104	1,330	350,434
Morrow	358,896	5,230	364,126
Muskingum	1,567,896	77,224	1,645,120

Counties	To County Undivided Local Government Fund	To Municipalities	Total State LGF
Noble	$ 341,135	-0-	$ 341,135
Ottawa	805,907	23,956	829,863
Paulding	404,772	-0-	404,772
Perry	410,926	7,454	418,380
Pickaway	716,393	17,532	733,925
Pike	403,653	-0-	403,653
Portage	2,445,694	112,425	2,558,119
Preble	620,165	11,907	632,072
Putnam	735,694	18,383	754,077
Richland	3,159,849	155,739	3,315,588
Ross	1,448,730	46,373	1,495,103
Sandusky	1,481,459	50,864	1,532,323
Scioto	1,361,734	40,541	1,402,275
Seneca	1,653,774	72,866	1,726,640
Shelby	1,087,876	41,133	1,129,009
Stark	8,850,989	535,500	9,386,489
Summit	13,068,783	1,140,832	14,209,615
Trumbull	5,153,496	235,104	5,388,600
Tuscarawas	2,111,415	80,443	2,191,858
Union	470,509	13,036	483,545
Van Wert	702,966	24,138	727,104
Vinton	303,015	-0-	303,015
Warren	1,656,571	48,466	1,705,037
Washington	1,230,819	43,579	1,274,398
Wayne	2,273,099	89,459	2,362,558
Williams	959,200	32,468	991,668
Wood	2,249,882	121,286	2,371,168
Wyandot	556,666	15,605	572,271
Total	$279,731,665	$18,704,885	$298,436,550

(a) The state local government fund (LGF) consists of monthly allocations from the general revenue fund equal to 3.5% of the previous month's collections of the personal income tax and state sales tax, and 15.4% of the corporation franchise tax.

SOURCE: Records of the Auditor of State

Table 55

COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS: AMOUNTS DISTRIBUTED TO COUNTIES FOR REDISTRIBUTION TO SUBDIVISIONS
BY COUNTY BUDGET COMMISSIONS, BY COUNTY AND BY SOURCE, CALENDAR YEAR 1985

County	State Local Government Fund	Intangible Taxes (R.C. 5725.24) (a)	Total State Revenues For County Undivided Local Government Funds	County	State Local Government Fund	Intangible Taxes (R.C. 5725.24) (a)	Total State Revenues For County Undivided Local Government Funds
Adams	$ 401,415	$ 326	$ 401,741	Logan	$ 861,574	$ 513	$ 862,087
Allen	2,702,767	32,393	2,735,160	Lorain	8,393,069	49,353	8,442,422
Ashland	1,001,439	1,097	1,002,536	Lucas	14,040,571	149,310	14,189,881
Ashtabula	2,081,204	6,197	2,087,401	Madison	546,596	1,298	547,894
Athens	857,937	6,276	864,813	Mahoning	6,180,671	133,597	6,314,268
Auglaize	1,094,590	8,069	1,102,659	Marion	1,516,425	12,423	1,528,848
Belmont	1,810,983	3,227	1,814,210	Medina	2,612,414	4,321	2,616,735
Brown	529,252	87	529,339	Meigs	403,933	-0-	403,933
Butler	6,301,515	68,707	6,370,222	Mercer	1,037,525	1,479	1,039,004
Carroll	402,814	-0-	402,814	Miami	2,170,718	2,530	2,173,248
Champaign	694,853	-0-	694,853	Monroe	319,849	-0-	319,849
Clark	2,769,064	12,667	2,781,731	Montgomery	14,461,008	651,274	15,112,282
Clermont	1,464,675	82,129	1,546,804	Morgan	349,104	41	349,145
Clinton	686,461	41	686,502	Morrow	358,896	-0-	358,896
Columbiana	2,130,157	8,926	2,139,083	Muskingum	1,567,896	6,631	1,574,527
Coshocton	762,828	6,460	769,288	Noble	341,135	-0-	341,135
Crawford	1,238,932	486	1,239,418	Ottawa	805,907	494	806,401
Cuyahoga	55,485,992	2,280,146	57,766,138	Paulding	404,772	-0-	404,772
Darke	1,140,186	2,345	1,142,531	Perry	410,926	261	411,187
Defiance	978,222	3,093	981,315	Pickaway	716,393	534	716,927
Delaware	1,158,928	4,761	1,163,689	Pike	403,653	462	404,115
Erie	1,739,931	6,080	1,746,011	Portage	2,445,694	9,766	2,455,460
Fairfield	1,826,648	8,652	1,835,300	Preble	620,165	1,102	621,267
Fayette	521,420	5,132	526,552	Putnam	735,694	3,003	738,697
Franklin	27,135,370	1,028,635	28,164,005	Richland	3,159,849	52,640	3,212,489
Fulton	1,011,230	127	1,011,357	Ross	1,448,730	6,803	1,455,533
Gallia	517,224	7,108	519,332	Sandusky	1,481,459	6,165	1,487,624
Geauga	1,063,820	-0-	1,063,820	Scioto	1,361,734	9,507	1,371,241
Greene	2,978,303	37,511	3,015,814	Seneca	1,653,774	2,110	1,655,884
Guernsey	876,399	3,661	880,060	Shelby	1,087,876	7,423	1,095,299
Hamilton	24,277,491	790,580	25,068,071	Stark	8,850,989	93,801	8,944,790
Hancock	1,727,063	42,387	1,769,450	Summit	13,068,783	165,307	13,234,090
Hardin	648,418	94	648,512	Trumbull	5,153,496	17,685	5,171,181
Harrison	400,016	-0-	400,016	Tuscarawas	2,111,415	5,089	2,116,504
Henry	629,956	-0-	629,956	Union	470,509	415	470,924
Highland	664,083	1,238	665,321	Van Wert	702,966	13	702,979
Hocking	471,907	-0-	471,907	Vinton	303,015	-0-	303,015
Holmes	484,216	82	484,298	Warren	1,656,571	384	1,656,955
Huron	1,317,536	952	1,318,488	Washington	1,230,819	34,043	1,264,862
Jackson	541,560	1,569	543,129	Wayne	2,273,099	3,399	2,276,498
Jefferson	2,275,897	26,068	2,301,965	Williams	959,200	392	959,592
Knox	954,724	1,277	956,001	Wood	2,249,882	4,136	2,254,018
Lake	7,057,630	45,414	7,103,044	Wyandot	556,666	-0-	556,666
Lawrence	859,056	65,061	924,117	Total	$279,731,665	$6,038,325	$285,769,990
Licking	2,572,133	5,960	2,578,093				

(a) State-collected intangible taxes paid by dealers in intangibles and returned to counties of origin pursuant to R.C. 5725.24.

Table 56

DISTRIBUTION OF COUNTY UNDIVIDED LOCAL GOVERNMENT FUNDS, BY COUNTY, CALENDAR YEAR 1985

	Amount Distributed By Subdivision Class			
County	County	Townships	Municipalities	Total[a]
Adams	$ 200,871	$ 123,604	$ 77,267	$ 401,742
Allen	1,085,251	581,071	1,029,471	2,735,159*
Ashland	500,035	167,241	335,260	1,002,536
Ashtabula	806,329	212,379	1,061,483	2,123,790*
Athens	432,407	86,481	345,925	864,813
Auglaize	373,803	127,908	600,949	1,102,660
Belmont	879,253	190,258	744,700	1,814,211
Brown	264,669	178,784	85,885	529,338
Butler	3,053,695	259,967	2,603,235	6,107,390*
Carroll	241,688	60,422	100,703	402,813
Champaign	362,559	72,667	290,502	725,728
Clark	1,264,575	106,262	1,401,714	2,781,731*
Clermont	773,402	154,680	618,722	1,546,804
Clinton	312,359	68,650	305,494	686,503
Columbiana	1,060,082	212,016	848,065	2,120,163
Coshocton	381,844	138,361	249,083	769,288
Crawford	619,709	123,941	495,767	1,239,417
Cuyahoga	17,329,841	120,421	38,608,577	56,847,847*
Darke	274,208	174,807	693,517	1,142,532
Defiance	416,740	269,655	289,267	980,565*
Delaware	533,061	169,610	508,831	1,211,502
Erie	903,295	303,810	664,440	1,871,545
Fairfield	917,650	285,171	632,479	1,835,300
Fayette	195,035	52,655	278,862	526,552
Franklin	8,449,201	1,506,578	16,417,540	28,164,005*+
Fulton	455,053	182,021	374,559	1,011,633
Gallia	223,313	67,513	228,506	519,332
Geauga	404,251	533,956	125,610	1,063,817
Greene	1,292,276	263,582	1,353,799	3,015,814*
Guernsey	440,030	88,820	303,860	832,710
Hamilton	13,807,216	1,262,260	9,726,853	25,068,071*
Hancock	841,197	338,850	559,323	1,769,451*
Hardin	324,256	129,708	194,548	648,512
Harrison	200,008	100,004	100,004	400,016
Henry	252,608	88,370	271,103	612,081
Highland	350,453	119,154	231,299	700,906
Hocking	247,011	123,478	88,763	459,252
Holmes	290,579	135,603	58,116	484,298
Huron	447,537	152,018	718,933	1,318,488
Jackson	N.A.	N.A.	N.A.	N.A.
Jefferson	734,970	229,278	1,323,952	2,288,200
Knox	478,001	124,280	353,721	956,002
Lake	783,821	492,667	5,708,901	7,103,044*
Lawrence	554,470	92,412	277,235	924,117
Licking	1,289,046	278,950	1,010,097	2,578,093
Logan	$ 431,043	$ 136,205	$ 294,838	$ 862,086
Lorain	3,971,417	422,368	3,722,493	8,616,278+
Lucas	4,248,150	383,654	9,036,436	14,189,882*
Madison	273,947	82,184	191,763	547,894
Mahoning	3,009,262	683,233	2,219,840	6,314,364*
Marion	649,760	152,885	725,503	1,528,848*
Medina	947,258	359,801	1,116,299	2,616,735*
Meigs	161,573	121,180	121,180	403,933
Mercer	446,136	186,754	404,635	1,037,525
Miami	760,637	217,325	1,195,286	2,173,248
Monroe	182,164	83,241	54,444	319,849
Montgomery	6,745,639	581,847	7,529,156	15,084,170*
Morgan	176,415	82,845	93,571	352,831
Morrow	161,854	61,774	46,128	269,756
Muskingum	653,456	188,943	732,128	1,574,527
Noble	204,681	71,638	64,816	341,135
Ottawa	383,040	158,619	264,741	806,400
Paulding	202,386	72,859	129,527	404,772
Perry	205,594	92,553	113,040	411,187
Pickaway	358,463	86,031	272,432	716,926
Pike	222,263	83,880	97,972	404,115
Portage	1,070,826	506,070	878,563	2,455,459
Preble	310,634	62,127	248,507	621,268
Putnam	220,708	169,210	345,776	735,694
Richland	1,445,667	273,070	1,493,856	3,212,593
Ross	591,462	287,705	576,367	1,455,534
Sandusky	743,812	147,775	583,723	1,487,625*
Scioto	537,089	136,172	693,369	1,366,630
Seneca	752,097	250,699	668,530	1,671,326
Shelby	522,181	130,545	435,151	1,087,877
Stark	4,472,395	993,020	3,465,936	8,944,790*
Summit	3,919,034	1,337,258	7,977,799	13,234,091
Trumbull	2,585,591	883,538	1,702,053	5,171,182
Tuscarawas	1,058,252	253,980	802,805	2,116,503*
Union	282,554	112,946	75,423	470,923
Van Wert	350,046	122,238	225,701	702,978*
Vinton	151,507	64,213	87,294	303,014
Warren	742,675	185,579	660,923	1,655,455*
Washington	568,836	317,428	378,659	1,264,923
Wayne	1,022,426	304,086	949,987	2,276,499
Williams	354,616	125,272	479,312	959,200
Wood	639,349	225,402	1,389,267	2,254,018
Wyandot	278,333	139,167	139,166	556,666
Total	$112,062,886	$21,887,642	$144,981,315	$284,268,480

(a) Includes amounts not contained in preceding subdivision class columns totalling $4,594,971 for park districts in 21 counties, and $741,666 for public assistance in two counties.

* Includes amount(s) for park district(s) not accounted for in preceding columns.
+ Includes an amount for public assistance not shown in preceding columns.

Note: Differences between county totals in this table and totals in previous tables result from normal time lag in distribution of funds.

MOTOR VEHICLE FUEL TAX

An excise tax is imposed on all dealers in motor vehicle fuel upon the use, distribution, or sale within the state of Ohio of fuel used in generating power for the propulsion of motor vehicles. The fuel tax is actually composed of five separate levies: three levies of two cents each; one levy of one cent; and a cents per gallon rate. The cents per gallon rate in effect during fiscal year 1986 was 5 cents. This rate was based upon the factors of highway maintenance costs and motor vehicle fuel consumption. Prior to March 1, 1984, the cents per gallon rate was adjusted annually, however, it will now remain in effect at 5 cents.

After amounts are set aside for refunds, the Waterways Safety Fund, and highway bond retirement, the remaining fuel tax receipts are distributed in approximately the following proportion: 75% to the state, 10.7% to municipalities, 9.3% to counties, and 5% to townships. All of this money is earmarked for highway related purposes in accordance with Article XII, Section 5a of the Ohio Constitution.

There are other provisions in Ohio law concerning the taxation of motor fuel and distribution of tax receipts: a portion of the motor fuel tax collected on fuel sold by the Ohio Turnpike Commission stations is returned to the Commission for turnpike projects; a use tax is imposed on operators of vehicles subject to the Ohio highway use tax for fuel purchased outside of the state but consumed in Ohio; and dealers receive a credit which effectively equals 3.5¢ (2.5¢ effective February 1, 1985) per gallon on gasohol.

Motor vehicle fuel wholesalers and distributors rather than retailers remit the tax. In fiscal year 1986, motor fuel tax receipts were $618.6 million.

TAX BASE (R.C. 5735.06):

Gallons of motor vehicle fuel sold, used, or distributed in Ohio.

RATES:

Ohio Revised Code Section	Tax Rate Per Gallon
5735.30	1¢
5735.05	2¢
5735.25	2¢
5735.29	2¢
5735.05 (Cents Per Gallon Rate)*	5.0¢
Total Rate Per Gallon	12.0¢

*See description under "**Special Provisions**".

DEDUCTIONS, REFUNDS, AND CREDITS:

1. Dealers may claim the following deductions from their reported gallonage. (R.C. 5735.05, 5735.06):

    (a) Sales made either by tank car or cargo lots for purposes other than propelling motor vehicles on public highways or on waters within Ohio.
    (b) Sales of motor fuel made by licensed dealers to other licensed dealers for delivery by tank car or boat.
    (c) Export of motor fuel to other states or foreign countries.
    (d) Sales of motor fuel for exclusive use of the United States Government or its agencies.
    (e) Sales of motor fuel that is in the process of transportation in either interstate or foreign commerce.
    (f) Sales of motor fuel to be used exclusively for the propulsion of aircraft.
    (g) Three percent of net, taxable gallons of motor fuel to cover evaporation, shrinkage, and other losses. This deduction is only two percent on motor fuel sold to a retailer.

DEDUCTIONS, REFUNDS, AND CREDITS (cont'd):

2. Persons who have purchased motor vehicle fuel on which the fuel tax has been paid may receive a refund under the following conditions (R.C. 5735.13, 5735.14, 5735.141, 5735.142, 5735.18):

   (a) Fuel used in the following ways: to operate or propel stationary gas engines; tractors used for off-highway purposes; unlicensed motor vehicles used exclusively in intraplant operations.
   (b) Motor fuel used by watercraft in the following ways: vessels used entirely for commercial purposes such as trade or fishing; vessels used in Boy Scout training; vessels used or owned by railroad car ferry companies; vessels used or owned by federal, state, and local governments.
   (c) Fuel used for cleaning or dyeing.
   (d) Motor fuel used by local transit systems except for the one-cent bond retirement levy.
   (e) Motor fuel used in aircraft.
   (f) One percent of the motor fuel tax paid on fuel purchased by retailers to cover losses from shrinkage and evaporation.
   (g) Fuel lost or destroyed through theft, fire, explosion, lightning and other natural disasters.
   (h) Any person, other than a dealer, who sells the fuel or uses the fuel outside Ohio, or who sells the fuel to the U.S. government or any of its agencies.

3. Dealers may receive the following credit against their fuel tax liability (R.C. 5735.145):

   (a) 25¢ per gallon of qualified ethanol. Qualified ethanol is defined as "Ethanol produced through a coal-fired process from wood or the grain of a cereal grass and denatured in accordance with the United States bureau of alcohol and tax regulations." Ethanol produced in a manufacturing facility with an annual production capacity of less than 2,000,000 gallons and otherwise qualified for the credit does not have to be produced through a coal-fired process. This credit effectively equals 2.5¢ per gallon of gasohol containing no more than ten percent qualified ethanol combined with gasoline. This credit is reduced by 10¢ per gallon of ethanol for each cent that the federal gasohol credit exceeds 5¢ per blended gallon of gasohol. Since the federal credit is 6¢, the statutory credit of 35¢ is reduced to 25¢.

TAXPAYER (R.C. 5735.01):

Dealers who import into Ohio, produce, refine, prepare, distill, and otherwise process motor vehicle fuel for use, distribution, or sale and delivery in Ohio; or who purchase motor vehicle fuel for sale to any person for resale.

FILING AND PAYMENT DATES (R.C. 5735.06):

By the last day of each month for the preceding month's tax liability; filed with the Ohio Treasurer of State.

SPECIAL PROVISIONS:

Cents per Gallon Rate (Variable Rate) (R.C. 5735.011): This rate is intended to increase funds for highway expenditures to make up for higher costs and reduced tax receipts from lower motor vehicle fuel consumption. The present rate of 5 cents that began March 1, 1984, will continue in effect from that point on. Between 1982 and 1984, the rate was calculated annually. The procedure used for calculating the cents per gallon tax rate is as follows:

(a) Divide the highway maintenance cost trend index as published by the U.S. Department of Transportation for the most recent preceding calendar year by the maintenance index for 1975.
(b) Divide motor vehicle fuel consumption for fiscal year 1975 by motor vehicle fuel for the fiscal year preceding the calculation.
(c) Multiply the quotient obtained in (a) of this section by the quotient obtained in (b) of this section.
(d) Multiply the product obtained in (c) of this section by 6 cents.
(e) Subtract 6 cents from the product obtained in (d). If the difference is a positive amount of 5 cents or less, the difference will be the cents per gallon rate, rounded to the nearest 1/10th of 1 cent. If the difference is a negative amount, the cents per gallon rate is zero. If the difference is a positive amount in excess of five cents, the cents per gallon rate is five cents.

SPECIAL PROVISIONS (cont'd):

Fuel Use Tax (R.C. 5735.31): The Ohio motor vehicle fuel tax is imposed on the amount of motor fuel purchased outside of Ohio and consumed in Ohio for any vehicle subject to the highway use tax. A refund is allowed for the tax on fuel purchased in Ohio for use in another state provided that state imposes a tax on such fuel and allows a similar credit or refund.

DISPOSITION OF REVENUE:

The motor vehicle fuel tax is composed of five separate levies. Each of these levies is distributed in a different manner. Prior to any distribution, the following transfers of receipts are made:

(1) 0.5% to the Waterways Safety Fund.
(2) The amount needed to insure that there are sufficient funds to meet all payments for highway bond retirement.
(3) An amount equal to the current cents per gallon rate times the number of gallons sold at stations operated by the Ohio Turnpike Commission to the Commission for turnpike projects.

Tax Rate	Disposition of Revenue
2 cents per gallon (R.C. Section 5735.05)	(R.C. Section 5735.23) - 30% to municipal corporations in proportion to their motor vehicle registrations; - 25% to all counties in equal amounts; - 45% to the state.
2 cents per gallon (R.C. Section 5735.25)	(R.C. Sections 5735.26, 5735.27) - 67.5% to the state; - 7.5% to all counties in equal amounts; - 7.5% to municipalities in proportion to their motor vehicle registrations; - 17.5% to all townships in equal amounts.
2 cents per gallon (R.C. Section 5735.29)	(R.C. Section 5735.291) - 100% to the state.
1 cent per gallon (R.C. Section 5735.30)	(R.C. Section 5735.30) - 100% to the state for highway bond retirement funds, as long as required; thereafter, 100% to the state highway operating fund.
Cents Per Gallon Tax (R.C. Section 5735.05) 5.0 cents per gallon	(R.C. Section 5735.23) - 75.0% to the state; - 10.7% to municipalities in proportion to their motor vehicle registration; - 9.3% to all counties in equal amounts; - 5.0% to all townships in equal amounts.

OHIO REVISED CODE CITATIONS:

Chapter 5735.

RECENT LEGISLATION:

None

Table 57

GROSS AMOUNT OF MOTOR VEHICLE FUEL TAX CERTIFIED FOR COLLECTION, REFUNDS AND NET TAX AFTER REFUNDS, FISCAL YEARS 1982-1986

Fiscal Year	Gross Collections	Amount Certified For Refund	Net Tax After Refund
1982	$566,281,817	$11,548,590	$554,733,227
1983	596,789,201	16,309,025	580,480,176
1984	629,674,907	15,465,216	614,209,691
1985	629,399,556	13,875,962	615,523,594
1986	633,021,564	14,403,648	618,617,916

Table 58

TAXABLE GALLONS OF MOTOR VEHICLE FUEL, FISCAL YEARS 1982-1986

	1982	1983	1984	1985	1986
Gasoline	4,508,227,206	4,470,537,326	4,505,361,798	4,498,646,716	4,565,299,052
Special Fuels	744,193,881	753,996,908	867,418,821	893,415,019	882,045,116
Total	5,455,576,205	5,252,421,087	5,224,534,234	5,372,780,619	5,447,344,168

Table 59

MOTOR FUEL TAXES DISTRIBUTED TO LOCAL GOVERNMENTS,
BY COUNTY, CALENDAR YEAR 1985

County	Total	Amount Distributed To: County	Townships	Municipalities
Adams	$ 1,060,813	$649,608	$ 349,170	$ 62,035
Allen	1,482,085	649,608	279,336	553,141
Ashland	1,242,303	649,608	349,170	243,525
Ashtabula	1,720,888	649,608	628,507	442,773
Athens	1,152,995	649,608	325,892	177,495
Auglaize	1,255,541	649,608	325,892	280,041
Belmont	1,368,078	649,608	372,448	346,022
Brown	1,130,391	649,608	372,448	108,335
Butler	2,504,713	649,608	302,614	1,552,491
Carroll	1,023,780	649,608	325,892	48,280
Champaign	1,088,539	649,608	279,336	159,595
Clark	1,535,863	649,608	232,780	653,475
Clermont	1,146,574	649,608	325,892	171,074
Clinton	1,132,349	649,608	302,614	180,127
Columbiana	1,463,574	649,608	419,004	394,962
Coshocton	1,328,717	649,608	512,116	166,993
Crawford	1,305,637	649,608	372,448	283,581
Cuyahoga	13,537,576	649,608	93,112	12,794,85[illegible]
Darke	1,366,441	649,608	465,560	251,273
Defiance	1,125,449	649,608	279,336	196,505
Delaware	1,317,087	649,608	419,004	248,475
Erie	1,376,651	649,608	209,502	517,541
Fairfield	1,433,440	649,608	302,614	481,218
Fayette	1,014,365	649,608	232,780	131,977
Franklin	8,805,615	649,608	395,726	7,760,281
Fulton	1,111,493	649,608	279,336	182,549
Gallia	1,055,708	649,608	349,170	56,930
Geauga	1,141,435	649,608	372,448	119,379
Greene	1,993,834	649,608	279,336	1,064,890
Guernsey	1,244,650	649,608	442,282	152,760
Hamilton	6,216,462	649,608	279,336	5,287,518
Hancock	1,494,933	649,608	395,726	449,599
Hardin	1,151,136	649,608	349,170	152,358
Harrison	1,075,559	649,608	349,170	76,781
Henry	1,102,632	649,608	302,614	150,410
Highland	1,176,178	649,608	395,726	130,844
Hocking	977,845	649,608	256,058	72,179
Holmes	1,021,265	649,608	325,892	45,765
Huron	1,434,251	649,608	442,282	342,361
Jackson	1,043,346	649,608	279,336	114,402
Jefferson	1,388,376	649,608	325,892	412,876
Knox	1,344,876	649,608	512,116	183,152
Lake	2,636,135	649,608	116,390	1,870,137
Lawrence	1,170,507	649,608	325,892	195,007
Licking	1,964,336	649,608	605,229	709,499

County	Total	Amount Distributed To: County	Townships	Municipalities
Logan	$ 1,242,303	$ 649,608	$ 395,726	$ 196,969
Lorain	2,884,903	649,608	419,004	1,816,291
Lucas	4,384,972	649,608	256,058	3,479,306
Madison	1,138,524	649,608	325,892	163,024
Mahoning	2,005,913	649,608	325,892	1,030,413
Marion	1,355,107	649,608	349,170	356,329
Medina	1,761,424	649,608	395,726	716,090
Meigs	992,791	649,608	279,336	63,847
Mercer	1,189,538	649,608	325,892	214,038
Miami	1,498,642	649,608	279,336	569,698
Monroe	1,109,243	649,608	419,004	40,631
Montgomery	4,785,141	649,608	279,336	3,856,197
Morgan	1,009,172	649,608	325,892	33,672
Morrow	1,082,225	649,608	372,448	60,169
Muskingum	1,560,542	649,608	581,951	328,983
Noble	1,026,336	649,608	349,170	27,558
Ottawa	1,073,900	649,608	279,336	144,956
Paulding	1,004,894	649,608	279,336	75,950
Perry	1,091,249	649,608	325,892	115,749
Pickaway	1,172,131	649,608	349,170	173,353
Pike	1,041,769	649,608	325,892	66,269
Portage	1,626,357	649,608	419,004	557,745
Preble	1,099,048	649,608	279,336	170,104
Putnam	1,148,707	649,608	349,170	149,929
Richland	1,755,261	649,608	419,004	686,649
Ross	1,272,617	649,608	372,448	250,561
Sandusky	1,185,143	649,608	279,336	256,199
Scioto	1,243,171	649,608	372,448	221,115
Seneca	1,358,178	649,608	349,170	359,400
Shelby	1,210,563	649,608	325,892	235,063
Stark	2,684,680	657,600	395,726	1,631,354
Summit	4,683,360	649,608	302,614	3,731,138
Trumbull	2,219,333	649,608	558,672	1,011,053
Tuscarawas	1,691,160	649,608	512,116	529,436
Union	1,092,152	649,608	325,892	116,652
Van Wert	1,083,584	649,608	279,336	154,640
Vinton	962,527	649,608	279,336	33,583
Warren	1,402,096	649,608	256,058	496,430
Washington	1,424,511	649,608	512,116	262,787
Wayne	1,482,645	649,608	372,448	460,589
Williams	1,109,032	649,608	267,336	192,088
Wood	1,636,833	649,608	442,282	544,943
Wyandot	1,080,055	649,608	302,614	127,833
Total	$153,526,153	$57,173,496	$30,668,407	$65,684,250

SOURCE: Records of Ohio Auditor of State.

PUBLIC UTILITY EXCISE TAX

The public utility excise tax, a tax for the privilege of doing business in Ohio, is payable by virtually all companies classified by statute as public utilities. Companies liable for this tax do not pay the corporation franchise tax. Only utilities owned by municipal corporations are exempt from the public utility excise tax.

Both tax base and rates vary with the class of utility. Gross receipts or gross earnings comprise the tax base for most utility classes, with rates ranging from 4.75% to 6.75%. The rate is 3.75% for companies which are taxed on a capital stock base. Companies, except freight line and equipment companies, with a preceding year's tax liability of $1,000 or more are liable during each calendar year for three advance payments -- each in an amount equal to one-third of the previous year's certified tax liability. When the current year's total tax liability exceeds the sum of the three advance payments, a final payment is due in December for the difference.

Total public utility excise taxes of $627.8 million were certified in November, 1985. Electric light companies accounted for about 55% of total taxes levied, while the natural gas and telephone industries each accounted for 22% of the total. Therefore, these three main industries were responsible for 99% of the total excise taxes on public utilities.

TAX BASE (R.C. 5727.01, 5727.26):

Gross receipts, gross earnings, or value of capital stock, depending upon class of utility.

EXEMPTIONS AND DEDUCTIONS (R.C. 5709.35, 5727.05, 5727.33, 5727.34):

Exempt Utilities:

1. Municipally-owned utilities.

Deductions from Gross Receipts:

1. $25,000 for all companies.
2. Amounts attributable to sales of merchandise.
3. Receipts derived wholly from interstate business.
4. Sales to other public utilities for resale.
5. Receipts from business done for the federal government.
6. Receipts from facilities used to convert coal to gaseous, liquid, or solid fuels - for a period of 30 years.

CREDITS (R.C. 5727.39):

Telephone companies are allowed a credit against the excise tax equal to the non-recurring (start-up) costs of a 911 telephone system (emergency service telephone system). The credit must be claimed in the year the system becomes available for use and any excess credit may be carried over to following years until completely used. The total amount of the credit that may be taken (for all companies combined) is limited to 25% of the total excise tax levied on telephone companies in 1984. This credit ceiling is adjusted annually beginning in 1986 for increases in the consumer price index. Once the total credits allowed equal the credit ceiling, no additional credits will be allowed.

TAX BASE AND RATES:

Utility Class	Base	Tax Rate			
		1981	1982(a)	1983(a)	1984-1986
Electric Light, Rural Electric, Intrastate Toll Bridge, Artificial Gas, Natural Gas, Waterworks, Telephone, Union Depot, Heating, Cooling, and Water Transportation (R.C. 5727.38)	Gross Receipts	5.00%	4.71%	5.28%	4.75%
Telegraph (R.C. 5727.38)	Gross Receipts	5.00%	4.75%	5.28%	4.75%
Railroads (R.C. 5727.40)	Gross Earnings	5.50%	5.28%	5.81%	5.25%
Express (R.C. 5727.38)	Gross Receipts	5.65%	5.40%	5.96%	4.75%
Messenger (R.C. 5727.38)	Gross Receipts	4.35%	4.06%	4.59%	4.75%
Pipe Line (R.C. 5727.38)	Gross Receipts	7.00%	6.86%	7.39%	6.75%
Freight line and Equipment (R.C. 5727.27)	Capital Stock	3.50%	3.75%	3.75%	3.75%

(a) Rates include surtax.

TAX REPORTING AND CERTIFICATION DEADLINES:

Utility Class	Deadline	For
Freight Line, and Equipment Companies (R.C. 5727.24, 5727.26, 5727.27)	May 31*	Company's annual statement to Tax Commissioner for preceding calendar year.
	First Monday in November	Commissioner assesses tax and certifies amount to company and Treasurer of State.
Railroads (R.C. 5727.31, 5727.32, 5727.34, 5727.40)	September 1*	Company's annual statement to Tax Commissioner for year ending on June 30.
	First Monday in November	Commissioner assesses tax and certifies amount to company and Treasurer of State.
All Other Public Utilities (R.C. 5727.31, 5727.32 5727.33, 5727.38)	August 1*	Company's annual statement to Tax Commissioner for year ending on April 30 (June 30 for express, telephone, and telegraph companies).
	First Monday in November	Commissioner assesses tax and certifies amount to company and Treasurer of State.

*Subject to time extension of 60 days (R.C. 5727.48).

TAX PAYMENT DEADLINES (see "Recent Legislation" for changes effective in fiscal year 1986):

Utility Class	Deadlines	For
All Utility Companies except Freight Line & Equipment Companies (R.C. 5727.31)	October 15, March 1, and June 1	Reports and advance payments to State Treasurer for liability to be certified for tax collection in December. Each payment equal to one-third of previous year's liability. These reports and payments are due from each utility with an excise tax liability for the previous year in excess of $1,000.
All Utility Companies (R.C. 5727.42)	20-30 Days From Date Tax Bill is Mailed	Final payment equal to total tax assessed for collection for the current year, less advance payments made (refund is made if advance payments exceed assessment).

DISPOSITION OF REVENUE (R.C. 5727.45):

All to state General Revenue Fund.

OHIO REVISED CODE CITATIONS:

Chapter 5727.

RECENT LEGISLATION:

House Bill 357, effective June 26, 1986.

R.C. 5727.31: Only natural gas companies with tax liabilities of $325,000 or more are required to make advance payments.

R.C. 5727.42: The tax payment date for natural gas companies that are not required to make advance payments is March 15th of the year following the year the tax is assessed.

House Bill 720, effective September 3, 1986.

R.C. 5727.05: Nonprofit corporations engaged exclusively in the treatment, distribution and sale of water to consumers are not subject to the excise tax.

Table 60

PUBLIC UTILITY EXCISE TAXES LEVIED, BY CLASS OF UTILITY, CALENDAR YEARS 1981 - 1985[a]

Class of Utility	Tax Rate 1984-1985[b]	1981	1982	1983	1984	1985
Electric Light	4.75%	$240,310,174	$264,699,142	$318,966,244	$319,821,481	$331,381,693
Natural Gas	4.75	115,195,054	123,499,041	147,679,937	152,339,047	139,683,341
Telephone	4.75	94,216,113	99,829,278	128,003,482	120,651,494	134,991,927
Railroad	5.25	4,939,312	4,734,481	4,048,759	4,524,366	4,380,710
Rural Electric Light	4.75	9,223,585	10,178,928	11,639,518	11,400,467	11,956,183
Freight Line & Equipment	3.75	2,530,759	2,703,982	2,839,824	3,199,605	2,941,519
Water Works	4.75	1,147,064	1,250,861	1,666,297	1,644,420	1,691,101
Pipe Line	6.75	690,362	735,239	969,190	476,487	426,585
Telegraph	4.75	126,334	89,902	48,635	73,483	80,520
Union Depot	4.75	11,275	- -	- -	- -	--
Water Transportation	4.75	74,855	104,207	138,290	129,607	133,982
Toll Bridge	4.75	27,305	26,025	29,043	23,444	20,544
Heating	4.75	56,274	110,648	138,226	139,689	97,834
Total		$468,548,966	$507,961,734	$616,167,445	$614,423,590	$627,785,939

(a) Amount of tax certified for collection.

(b) Tax rates for 1981 through 1983 are shown in the table on page 92.

PUBLIC UTILITY PROPERTY TAX

Note: The descriptive material below describes the taxes levied on both the real and personal property of public utilities. The data in the tables in this section pertain to only the personal property of utilities. Data for public utility real property are included in the tables in the "Real Property Tax" section.

The assessed valuation of public utility personal property was about $10.0 billion in calendar year 1985, which was an increase of 1.6% over the previous year. Electric utilities accounted for about 53% of the total public utility personal property valuation in 1985, with the telephone industry accounting for an additional 31% of the total valuation.

TAX BASE (R.C. 5715.01, 5727.01, 5727.06, 5727.10, 5727.12):

Property tax base for railroads consists of real and tangible personal property owned or operated in Ohio on December 31 of the preceding year. Property tax base for all other public utilities consists of real and tangible personal property owned and located in Ohio on December 31 of the previous year. The tax commissioner is responsible for valuing and assessing the tangible personal property of all utilities and the real property of railroads. County auditors are responsible for valuing and assessing the real property of all utilities except railroads. Real property includes land and improvements and is assessed at 35% of true value. Personal property base includes all plant and equipment not classified as real property or intangible property. The tangible personal property of public utilities is generally assessed at 100% of true value. The two exceptions to this 100% assessment level are (1) the tangible personal property of rural electric companies which is assessed at 50% of true value; and (2) the tangible personal property of railroads which is assessed at the same percentage as applied to all tangible property (except inventories) used in business by a non-utility (for 1986, this assessment level is 32%).

The Tax Commissioner also values and assesses the intangible personal property of public utilities. However, since public utilities are subject to the intangible property tax in the same manner as all other taxpayers, this section does not consider the intangible property taxes of public utilities. For additional information, see the **INTANGIBLE PROPERTY TAX** section. The tax on intangible property was repealed effective for the 1986 tax year.

APPORTIONMENT OF TAX BASE (R.C. 5727.13, 5727.14, 5727.15, Tax Commissioner Bulletin 130 and Rule 5703-25-01) (See "Recent Legislation" for changes effective in fiscal year 1986):

Real property values of all utilities except railroads are apportioned to the various taxing districts according to the physical location of the property. Personal property values of all utilities except railroads are apportioned (using a specific base) among the taxing districts in which the utilities operate. The bases for distributing personal property values among taxing districts for the various classes of utilities are shown in the table on the following page.

Railroads are valued on a system wide basis with allocation to Ohio on the basis of the length of road in this state to length of road everywhere. Values for railroad real property used in operation are apportioned on the basis of their relative value. Values for railroad personal property used in operation are apportioned on the basis of miles of track in each taxing district weighted according to traffic density. Values for railroad real and personal property not used in operation are apportioned on the basis of their physical location.

APPORTIONMENT OF TAX BASE (cont'd):

Class of Utility	Distribution Base
Electric Light and Rural Electric Companies	Value of overhead and underground lines.
Artificial Gas, Natural Gas, Pipeline, Heating, Cooling, and Water Works	Value of pipeline.
Telephone and Telegraph Companies	Miles of wire.
Railroads	Miles of track and trackage rights weighted by use.
Express Companies	Gross receipts.

Actual location of property is used to distribute values for water transportation and toll bridge utility classes.

RATES (R.C. 319.30, 319.301, 5705.02-5705.05, 5705.19):

Vary with taxing jurisdiction. Total tax rate includes all levies, enacted by legislative authority or approved by voters, for all taxing jurisdictions within which the property is located or to which it is apportioned (e.g., county, township, municipal corporation, and school district). Although the nominal tax rates applied to public utility real and personal property are the same, the effective rates on the two types of property may differ substantially because of the effects of the tax reduction factor applied to real property taxes. Public utility real property taxes (in addition to other real property taxes) are reduced by a computed reduction factor whenever real property values increase. However, this reduction factor does not apply to taxes levied on public utility personal property. State law also requires that all non-residential real property tax bills (but not personal property tax bills) be reduced by 10% -- with the cost of the reduction reimbursed from state funds.

EXEMPTIONS AND CREDITS (R.C. 319.302, 5701.03, 5709.25, 5727.01, 5727.05, 6111.31):

1. Property of municipally-owned utilities.
2. Certified air, water, and noise pollution control facilities.
3. Licensed motor vehicles.
4. Personal property under construction.
5. Real property tax bills are reduced by 10% as provided by state law.

REPORTING, CERTIFICATION, AND PAYMENT DATES:

Utility Class	Deadline	For
All Public Utilities (R.C. 5727.08, and and 5727.48)	March 1[(a)]	Company's annual report to Tax Commissioner.
All Utilities (R.C. 5727.10)	First Monday in September	Tax Commissioner assesses property and notifies utilities of assessed values.

REPORTING, CERTIFICATION, AND PAYMENT DATES (cont'd):

Utility Class	Deadline	For
All Public Utilities (R.C. 5727.23)	First Monday in October	Tax Commissioner certifies apportionment of property values to county auditors.
All Public Utilities (R.C. 323.12 & 323.17)	December 31(b)	At least half of total tax liability due.
All Public Utilities (R.C. 323.12 & 323.17)	June 20(b)	Balance of tax liability due.

(a) Tax Commissioner may grant extension of up to 60 days.

(b) These deadlines may be extended by 45 days (longer in certain circumstances)

DISPOSITION OF REVENUE (R.C. 319.54, 5705.10, 5719.05):

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts, and special districts according to the taxable values and total millage levied by each.

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5705, 5709, 5715, 5719, 5727, 6111.

ADMINISTRATION (R.C. 5713.01, 5727.06):

The Tax Commissioner assesses the real estate of railroads and the tangible personal property of all public utilities. County auditors assess all other public utility real estate.

RECENT LEGISLATION:

Senate Bill 192, effective December 11, 1985.

R.C. 5727.15: Requires that 70% of the value of production plant and station equipment of electric companies be apportioned to the taxing district in which the property is physically located. The remaining value is apportioned to each taxing district based on the percentage of the total cost of transmission and distribution property in each district.

Section 6: For tax year 1986, 90% (instead of 70%) of the value of production plant and station is to be apportioned to the taxing district in which the property is physically located. For tax year 1987, 80% of such property is so apportioned.

House Bill 720, effective September 3, 1986.

R.C. 5709.11: Exempts real and personal property of political subdivisions and nonprofit corporations if the property is used exclusively in the treatment, distribution and sale of water to consumers.

RECENT SIGNIFICANT COURT DECISIONS:

Hatchadorian v. Lindley (1986), 21 Ohio St. 3d 66.

The Tax Commissioner's findings are presumptively valid, absent a demonstration that those findings are clearly unreasonable or unlawful. When no competent and probative evidence is developed before the Board of Tax Appeals to show that the Tax Commissioner's determination of the value of property is factually incorrect, it is error for the Board to reverse that determination.

Table 61

ASSESSED VALUE OF PUBLIC UTILITY PERSONAL PROPERTY, BY CLASS OF UTILITY, AND TOTAL TAXES LEVIED ON PERSONAL PROPERTY CALENDAR YEARS 1981 - 1985

	Calendar Year				
Class of Utility	1981	1982	1983	1984	1985
Electric Light	$4,356,319,930	$4,608,926,100	$4,944,835,850	$5,040,669,200	$5,172,335,300
Telephone	2,624,029,580	2,844,355,420	2,970,608,010	3,116,232,600	3,123,797,280
Natural Gas	571,949,600	606,053,490	640,967,450	683,313,600	741,365,320
Railroad	300,962,850	275,672,800	257,505,550	302,052,090	277,399,510
Pipeline	454,532,710	486,380,660	528,836,140	515,074,530	495,086,020
Rural Electric Light	144,199,250	150,193,090	148,024,040	148,213,650	149,347,600
Waterworks	44,056,370	47,638,310	47,473,760	48,741,400	51,505,600
Telegraph	2,000,000	2,886,000	3,131,000	3,223,000	6,450,000
Other (a)	496,790	1,058,070	1,228,900	1,832,900	2,103,300
Total Valuation	$8,498,547,080	$9,023,163,940	$9,542,610,700	$9,859,352,970	$10,019,389,930
Taxes Levied (All Classes)	$ 420,025,314	$ 454,145,090	$ 486,617,302	$ 504,302,656	$ 523,647,002

(a) Includes Water Transportation, Toll Bridge, and Heating.

SOURCE: Ohio Department of Taxation; values may differ slightly from those reported on abstracts filed by County Auditors with the Ohio Department of Taxation shown on Table 62.

Table 62

ASSESSED VALUE OF PUBLIC UTILITY PERSONAL PROPERTY, AND TAXES CHARGED, BY COUNTY, CALENDAR YEAR 1985

County	Assessed Value Of Public Utility Personal Property	Taxes Charged on Public Utility Tangible Personal Property
Adams	$ 373,060,750	$ 10,504,316
Allen	92,131,820	3,658,976
Ashland	53,539,050	2,562,755
Ashtabula	110,469,470	6,094,582
Athens	68,255,850	3,873,962
Auglaize	27,265,850	1,116,069
Belmont	102,589,500	4,454,024
Brown	33,287,030	1,420,643
Butler	180,012,650	8,318,231
Carroll	41,014,780	1,770,234
Champaign	24,586,020	1,219,231
Clark	90,629,710	4,562,275
Clermont	189,384,040	10,232,775
Clinton	26,468,880	1,163,173
Columbiana	91,992,300	4,209,207
Coshocton	200,775,180	6,627,361
Crawford	37,536,970	1,981,623
Cuyahoga	989,148,560	76,889,407
Darke	29,683,500	1,141,929
Defiance	40,189,630	1,770,128
Delaware	59,814,900	2,574,780
Erie	70,976,630	3,976,785
Fairfield	74,314,400	4,297,418
Fayette	25,705,530	992,152
Franklin	556,710,480	30,080,976
Fulton	36,694,310	1,813,320
Gallia	271,077,520	8,675,818
Geauga	75,995,540	4,987,443
Greene	88,804,010	5,053,681
Guernsey	43,855,650	2,057,717
Hamilton	711,775,690	41,439,334
Hancock	55,137,850	2,263,033
Hardin	23,558,590	1,059,505
Harrison	28,795,130	1,301,826
Henry	25,558,840	1,242,299
Highland	21,694,900	947,776
Hocking	40,148,630	1,902,697
Holmes	27,460,600	1,275,941
Huron	34,457,490	1,709,412
Jackson	36,425,500	1,296,482
Jefferson	371,112,720	14,145,113
Knox	44,561,210	2,193,014
Lake	238,126,200	15,076,790
Lawrence	59,395,370	2,181,012
Licking	111,756,320	5,073,715
Logan	$ 30,712,160	$ 1,466,096
Lorain	307,704,590	18,285,961
Lucas	345,662,240	21,452,360
Madison	33,994,070	1,365,370
Mahoning	170,938,580	9,424,844
Marion	52,044,880	2,561,027
Medina	92,419,370	5,846,712
Meigs	54,038,200	2,068,091
Mercer	18,727,290	715,274
Miami	58,712,280	2,965,228
Monroe	29,025,770	1,288,430
Montgomery	394,427,180	25,063,256
Morgan	100,951,480	4,116,844
Morrow	23,613,080	1,100,971
Muskingum	74,876,560	3,746,176
Noble	19,287,910	766,838
Ottawa	280,084,620	10,770,517
Paulding	18,672,420	950,927
Perry	24,039,430	1,137,047
Pickaway	49,030,040	2,002,808
Pike	32,446,650	1,579,991
Portage	93,438,920	5,948,641
Preble	27,033,880	1,129,745
Putnam	24,175,430	1,012,157
Richland	108,385,450	5,950,542
Ross	46,151,230	2,237,597
Sandusky	52,127,100	2,332,071
Scioto	72,271,620	3,310,211
Seneca	41,746,060	1,804.705
Shelby	39,860,700	1,634,357
Stark	266,562,280	13,594,960
Summit	319,540,660	20,092,435
Trumbull	170,597,470	8,730,243
Tuscarawas	68,683,240	3,019,008
Union	42,567,850	1,836,937
Van Wert	23,382,210	1,077,096
Vinton	19,838,500	699,212
Warren	86,544,020	4,732,636
Washington	97,096,760	3,712,702
Wayne	71,668,620	3,453,117
Williams	31,886,480	1,768,210
Wood	95,514,280	4,881,946
Wyandot	19,354,540	824,767
Total	$9,965,771,650	$523,647,002

SOURCE: Abstracts filed by county auditors with the Ohio Department of Taxation; values differ slightly from those certified by the Department of Taxation shown on Table 61.

REAL PROPERTY TAX

In tax year 1985, the assessed valuation of taxable real estate exceeded $72 billion, an increase of 2.8% over the 1984 valuation. Taxes on these values are distributed to the local taxing authorities during calendar year 1986. Net taxes charged after the application of the percentage reductions required by Section 319.301 of the Ohio Revised Code equalled approximately $3.1 billion for tax year 1985, an increase of 5.8% over 1984. This figure is before deductions of the tax rollback of 10% on all real property, the homestead exemption, and the 2.5% rollback for homeowners only. All three of these property tax reductions are fully reimbursed to local governments from the state general revenue fund. The amount of relief for 1985 was $313.0 million for the 10% reduction, $50.8 million for the homestead exemption, and $46.2 million for the 2.5% reduction.

Under state law and Department of Taxation rules, real property in all counties is now reappraised every six years at 35% of market value, and updated in the third year following each sexennial reappraisal. Sales ratio studies are made by the Department of Taxation twice a year in each county to compare the assessed taxable value to the sales price of properties sold. These ratios are used extensively in checking the reappraisal process.

TAX BASE (R.C. 5713.03, 5715.01):

Taxable value of land and improvements. Taxable value is a percentage of market value except for certain land devoted exclusively to agricultural use. Under the rules adopted under current law, all counties are now reappraised and equalized at 35% of true or market value as of the year of reappraisal or the third calendar year after reappraisal.

RATES (R.C. 319.301, 5705.02, 5705.03, 5705.04, 5705.05, 5705.19):

Vary with taxing jurisdiction. Total tax rate includes all levies, enacted by legislative authority or approved by voters, for all taxing jurisdictions within which the property is located (e.g., county, township, municipality, and school district). The statewide average "gross" millage rate on all real property for 1985 was 58.58 mills, as compared to last year's rate of 57.02 mills. The statewide average "effective" millage rate was 43.36 mills for 1985 as compared to last year's effective rate of 42.12 mills. The difference between the gross millage rate of 58.58 mills and the effective rate of 43.36 mills is explained by Section 319.301 of the Revised Code which prevents increases in voted taxes when the valuation of existing real property is increased due to reappraisal or the triennial update. (See "**Credits**" section.)

The Ohio Constitution prohibits governmental units from levying property taxes which in the aggregate exceed 1% of true value unless they are approved by the voters. This is known in state law as the 10-mill limitation, and the millage within this limitation is commonly referred to as "inside" millage. Since the "inside" 10 mills are levied on "taxable value" which is 35% of true or market value, the effect is a statutory limit of 0.35%, a limit nearly three times as strict as the 1% constitutional limitation.

EXEMPTIONS (R.C. 5709.07 to 5709.18, 5709.25, 5713.23, 5713.31):

The Constitution requires real property (land and improvements) to be taxed by uniform rule according to value. Authorized exemptions implemented by statute include:

1. General: Exemption of the real property of governmental or private institutional organizations on the grounds of ownership and/or usage (e.g., schools, hospitals, churches, municipal corporations, etc.). Many other specific exemptions are provided for by the Revised Code.

EXEMPTIONS (cont'd):

2. Farm Land: Land devoted exclusively to commercial agricultural use may be valued according to current use instead of "highest and best" use. Such land must meet one of the following requirements for three years prior to the year in which application for current use treatment is made:

   a) 30 acres or more -- all must be devoted to agricultural use; or
   b) under 30 acres -- all must be devoted to agricultural use and produce an average yearly gross income of at least $2,500.

   In addition, when the land is converted from agricultural use, a charge is levied on such land in an amount equal to the amount of tax savings on the converted land during the four tax years immediately preceding the year in which the conversion occurs.

3. Forest Land: Forest land, devoted exclusively to forestry or timber growing under the rules of the Ohio Department of Natural Resources, Division of Forestry, may be taxed at 50% of the local rate.

CREDITS (R.C. 319.301, 323.151-323.157):

1. Percentage Rollback: State law grants tax relief in the form of a 10% reduction in each taxpayer's real property tax bill. In addition, a 2.5% rollback of real property taxes is granted on a homestead for each homeowner. The state reimburses local governments for the cost of these tax credits.

2. Tax Reduction Factor: Separate percentage reductions are applied to taxes levied against the two classes of real property (residential/agricultural and non-residential/non-agricultural) being reappraised or updated. These reduction factors remain in effect until there is a new increase in value (excluding new construction). New reduction factors are calculated annually and applied. The computation of these percentage reduction factors is a rather complex process, but it involves two main steps:

   Step One The Department of Taxation certifies to each county auditor tax reduction factors to be applied to each tax levy for each of the two classes of property. The tax reduction factor is calculated to eliminate the effect of an increase in the valuation of existing real property in a taxing unit (school district, county, municipality, etc.) on voted taxes. If the tax reduction factor results in an "effective" tax rate for current expenses of a school district (including pre-1982 taxes for current expenses of a joint vocational school) of less than 20 mills on all real property in the district, the reduction factor must be adjusted to yield a minimum of 20 effective mills.

   Step Two The Department of Taxation then calculates a composite tax reduction factor to be applied to individual tax bills in a taxing district for each taxing district in the county. (A taxing district may be generally defined as a geographical area in which the total tax rate is uniform throughout.) To compute the composite tax reduction factor, the Department of Taxation uses the tax reduction factors for each taxing unit (school district, municipality, etc.) in which a taxing district is located and multiplies them by the relative weights of each tax levy effective in the taxing district.

   These factors are applied to real estate and public utility real property. The result of these calculations yields net taxes as shown in the tables in this section.

3. Homestead Exemption: Homestead exemption property tax reductions are granted to qualified low-income homeowners who are either 65 years of age or older or permanently and totally disabled. The reduction is equal to the gross millage rate multiplied by the reduction in taxable value shown in the following schedule:

CREDITS (cont'd):

Total Income of Owner and Spouse:	Reduce Taxable Value by the Lessor of:
$ 5,000 or less	$5,000 or 75% of taxable value
$ 5,000-$10,000	$3,000 or 60% of taxable value
$10,000-$15,000	$1,000 or 25% of taxable value
Over $15,000	- 0 -

Total income for purposes of the homestead exemption is defined as federal adjusted gross income plus social security and railroad retirement benefits, retirement, pension, annuity, or other types of retirement payments or benefits not included in federal adjusted gross income; and interest on federal, state, and local government obligations. Disability benefits paid by the veteran's administration or a branch of the armed forces are excluded from total income, as well as increases in social security benefits effective after December 31, 1975 for those persons receiving the homestead exemption for the first time for tax years 1976 and earlier. For persons receiving the homestead exemption for tax years 1977 and thereafter, increases in social security benefits which occur on or after January 1 of the year for which the homestead exemption is first received are excluded from the definition of total income.

Table 69 shows the number of homestead exemptions granted, the average reduction in real taxable value, and the total reduction in real property taxes for each county for tax year 1985. Totals for the state show that 311,702 exemptions were approved for tax year 1985, the average reduction in taxable value was $2,880, and the total reduction in property taxes was $50,789,558.

Local governments are reimbursed in full for these tax reductions from the state general revenue fund.

Example of Homestead Exemption Computation

The example below illustrates the computation of homestead exemption property tax relief. For this example, we will assume a senior citizen homeowner with the following characteristics:

a) Total income of $6,500 (consisting of $2,000 in wages, $2,500 in social security income, and $2,000 in dividends).
b) A home with a market value of $25,000 and a taxable value of $8,750. Taxable value is 35% of market value — $25,000 x 35% = $8,750.
c) A local property tax rate of 50 mills (gross rate).

Since this homeowner receives $6,500 of total income, he is in the $5,000-$10,000 income bracket and is entitled to a reduction in taxable value of $3,000 or 60%, whichever is less. Sixty percent of $8,750 is $5,250, so his reduction in taxable value is the flat $3,000. His tax savings are equal to the $3,000 reduction in taxable value multiplied by the 50-mill tax rate. This amounts to a tax savings of $150.

Like all other real property taxpayers, the senior citizen homeowner in our example is entitled to a tax reduction factor (see no. 2 above) which is applied against the property tax (assume a 15% reduction for this example). Also, the homeowner is granted a 12.5% tax reduction (12.5% property tax rollback) which is reimbursed to local governments from the state general revenue fund. When these are considered, the computation of net property tax due is shown below.

Property tax before any reductions:		
$8,750 taxable value x 50 mills =		$437.50
Subtract tax reduction factor ($437.50 x 15%)	-	65.63
Net taxes levied after tax reduction factor		$371.87
Subtract 12.5% rollback (.125 x of $371.87)	-	46.48
Net taxes before homestead		$325.39
Subtract homestead exemption tax relief	-	150.00
Net property tax due		**$175.39**

TAXPAYER:

All real property owners not specifically exempt.

PAYMENT DATES (R.C. 323.12, 323.17):

December 31: Full amount of tax (or one-half of it) is due.

June 20: Balance due.

Extensions are normally granted for 30 days by the county commissioners; further extensions not to exceed 15 days, may be granted by application of the county auditor or treasurer to the Tax Commissioner. Additional extension may be granted for unavoidable delay to avoid penalties to taxpayers.

DISPOSITION OF REVENUE (R.C. 319.54, 5719.05):

After local administrative deductions, revenue is distributed to the counties, municipalities, townships, and school districts according to the taxable values and total millage levied by each.

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5701, 5705, 5709, 5713, 5715, 5719, 6111.

RECENT LEGISLATION:

H.B. 95, effective September 25, 1985.

R.C. 511.28, 5705.194, 5705.25: Requires that a resolution to renew an existing levy may not be placed on the ballot unless the question is submitted at an election held during the last year the tax to be renewed may be extended on the real and public utility property tax list and duplicate, or in the preceding year at the general election. This limitation is waived for certain supplemental levies imposed under R.C. 5705.191.

S.B. 121, effective October 17, 1985.

R.C. 323.151: Amends the definition of total income for purposes of the homestead exemption to exclude up to $5,200 in disability benefits, which were included in federal adjusted gross income.

Sections 4, 5, and 7: Taxpayers who overpaid real property taxes between 1975 and 1985 due to the erroneous inclusion of disability benefits in total income on applications for the homestead exemption may request the auditor of the county in which the application was filed to recompute the reduction.

H.B. 321, effective October 17, 1985 (certain sections effective January 1, 1986).

R.C. 5715.27, 5717.02, 5715.271: Boards of Education may request that the Tax Commissioner provide them with notice of applications for real property tax exemptions in their school districts. The Act also places the burden of proof in exemption hearings on the party seeking the exemption.

RECENT SIGNIFICANT COURT DECISIONS:

Ratner v. Stark Cty. Bd. of Revision 23 Ohio St. 3d 59 (1986).

Although the sale price is the "best evidence" of true value of real property for tax purposes, it is not the only evidence. A review of independent appraisals based upon factors other than the sale price is appropriate where it is shown that the sale price does not reflect true value.

Table 63

ASSESSED VALUE OF TAXABLE REAL ESTATE, TAXES CHARGED, AVERAGE TAX RATES, AND TAX RELIEF, CALENDAR YEARS 1981 - 1985

	1981	1982	1983	1984	1985
Value of Taxable Property	$64,183,940,372	$66,977,419,218	$67,598,707,538	$70,384,691,083	$72,358,541,741
Taxes Charged[a]	$ 2,578,519,285	$ 2,718,357,724	$ 2,825,250,893	$ 2,964,718,578	$ 3,137,472,486
Average Effective Tax Rate[b]	40.17 mills	40.59 mills	41.79 mills	42.12 mills	43.36 mills
10% Reduction In All Real Property Taxes	$ 256,572,074	$ 269,441,350	$ 281,758,225	$ 295,516,159	$ 313,049,757
2.5% Reduction In Homeowner's Real Property Taxes	$ 37,339,343	$ 39,323,878	$ 41,561,812	$ 42,695,410	$ 46,234,171
Homestead Exemption Reduction	$ 57,811,442	$ 55,557,310	$ 53,666,017	$ 52,603,883	$ 50,789,561
Net Taxes Collectible (After 12.5% Reduction & Homestead Exemption)	$ 2,226,796,426	$ 2,354,035,186	$ 2,448,264,839	$ 2,573,903,126	$ 2,727,398,997

(a) Net taxes charged after application of percentage reductions required by R.C. 319.301.
(b) Taxes charged divided by value of taxable property.

Table 64

1985 GROSS AND NET TAX RATES ON THE TWO CLASSES OF REAL PROPERTY, BY COUNTY

County	Millage Rates on Real Property			
	Residential & Agricultural		Public Utility, Commercial, Industrial & Mineral	
	Gross Rate(a)	Net Rate(b)	Gross Rate(a)	Net Rate(b)
Adams	31.10	29.51	29.09	27.68
Allen	39.63	32.35	39.34	33.04
Ashland	49.19	36.29	50.69	40.48
Ashtabula	55.74	42.36	56.00	44.17
Athens	62.01	44.23	64.64	49.22
Auglaize	41.35	33.25	40.59	31.88
Belmont	46.56	34.31	45.47	35.55
Brown	43.82	36.79	45.42	36.52
Butler	46.53	34.17	46.30	37.53
Carroll	44.09	30.86	46.49	33.51
Champaign	49.43	36.10	51.00	37.14
Clark	51.04	36.21	49.69	40.51
Clermont	57.35	40.79	57.26	42.57
Clinton	44.16	36.73	46.63	39.02
Columbiana	46.25	34.97	47.02	35.15
Coshocton	41.97	33.02	42.09	34.13
Crawford	52.60	36.75	51.69	36.20
Cuyahoga	81.36	55.14	76.26	61.73
Darke	38.75	32.20	40.82	32.52
Defiance	44.20	35.96	43.33	36.59
Delaware	44.89	37.78	44.72	37.34
Erie	56.84	36.64	56.26	37.50
Fairfield	60.36	39.50	58.86	37.66
Fayette	38.66	31.91	43.40	32.62
Franklin	56.72	44.36	52.29	41.51
Fulton	50.05	38.28	49.35	35.62
Gallia	34.05	29.91	33.42	30.52
Geauga	67.07	47.53	66.12	50.14
Greene	58.41	41.27	58.81	44.44
Guernsey	47.57	38.12	48.33	41.28
Hamilton	62.21	45.82	59.72	53.12
Hancock	42.57	33.41	43.65	35.03
Hardin	45.51	35.41	46.39	35.59
Harrison	45.90	33.21	45.60	34.57
Henry	47.52	41.05	46.06	42.27
Highland	42.74	36.18	41.65	34.35
Hocking	47.65	38.39	47.31	36.97
Holmes	44.53	33.62	46.52	36.80
Huron	50.02	32.47	50.48	38.81
Jackson	36.67	31.42	37.77	32.87
Jefferson	43.28	32.63	41.88	38.55
Knox	49.21	35.93	48.59	37.68
Lake	67.19	40.08	65.09	40.34
Lawrence	37.01	32.36	37.97	32.45
Licking	46.46	33.90	44.85	35.15
Logan	47.51	31.58	49.01	34.58
Lorain	60.32	39.67	59.38	40.74
Lucas	66.08	45.48	64.05	48.47
Madison	42.18	35.51	44.57	37.57
Mahoning	56.21	42.96	57.28	49.83
Marion	49.20	33.37	49.29	36.58
Medina	64.22	40.39	64.36	45.87
Meigs	38.80	36.42	38.84	36.89
Mercer	38.58	33.89	38.11	32.21
Miami	50.97	33.00	52.06	38.62
Monroe	44.77	33.20	44.01	37.96
Montgomery	63.92	46.84	62.97	48.38
Morgan	39.35	32.83	38.91	30.83
Morrow	46.39	36.51	49.05	38.49
Muskingum	51.19	35.67	52.17	38.45
Noble	39.78	35.58	40.02	36.20
Ottawa	53.90	35.55	51.68	36.04
Paulding	51.18	43.16	55.20	44.97
Perry	47.56	37.39	48.51	38.72
Pickaway	41.02	33.56	40.23	32.92
Pike	50.86	35.75	55.26	37.47
Portage	64.54	42.35	66.56	48.87
Preble	41.87	35.64	43.53	33.87
Putnam	41.70	35.15	40.59	33.87
Richland	55.01	43.02	54.71	43.03
Ross	48.64	34.68	48.11	33.08
Sandusky	44.26	34.18	43.72	37.81
Scioto	46.51	36.22	48.93	39.45
Seneca	43.34	32.90	43.24	36.58
Shelby	41.64	33.37	40.96	32.01
Stark	51.43	34.61	50.85	35.61
Summit	63.15	50.08	62.07	47.66
Trumbull	52.42	40.98	49.96	41.18
Tuscarawas	44.73	34.18	45.07	37.89
Union	47.66	35.86	44.06	33.82
Van Wert	46.21	38.39	47.24	39.49
Vinton	35.90	31.86	35.71	32.53
Warren	54.33	36.65	53.09	36.42
Washington	41.24	33.49	40.54	34.54
Wayne	48.53	33.48	50.42	36.60
Williams	54.67	36.52	54.13	39.13
Wood	52.24	38.62	51.70	42.13
Wyandot	42.99	30.89	44.17	32.35
State Average:	58.55	42.28	58.67	46.33

(a) Rate on property prior to application of "Tax Reduction Factors"

(b) Rate on property in the county after application of "Tax Reduction Factors". These rates were computed prior to deduction of the 10% property tax rollback, 2.5% property tax rollback and homestead exemption.

SOURCE: Abstracts filed by county auditors with the Department of Taxation.

Table 65

TOTAL REAL PROPERTY TAXES, VALUES, AND EFFECTIVE TAX RATES, BY COUNTY, CALENDAR YEAR 1985

Counties	Gross Taxes Levied	Taxes Charged(a)	Taxable Value	Special Assess- ments	Delin- quent Taxes	Effec- tive Tax Rate(b)
Adams	$ 4,163,033	$ 3,953,799	$ 137,414,830	$ 9,550	$ 387,351	28.77
Allen	26,472,425	21,766,033	669,222,850	974,362	1,303,656	32.52
Ashland	14,658,361	10,975,094	296,400,350	42,636	769,119	37.03
Ashtabula	33,443,118	25,640,208	599,339,710	1,014,107	2,273,972	42.78
Athens	14,538,321	10,537,765	232,190,920	555,179	886,364	45.38
Auglaize	11,955,698	9,573,017	290,121,950	227,184	422,282	33.00
Belmont	18,899,795	14,130,992	408,277,440	32,082	1,264,479	34.61
Brown	7,440,808	6,209,483	168,956,730	2,909	635,566	36.75
Butler	86,798,867	65,357,742	1,867,742,560	2,041,073	5,211,990	34.99
Carroll	7,725,947	5,430,079	173,988,680	47,404	804,115	31.21
Champaign	10,694,598	7,807,361	215,406,670	37,243	822,695	36.24
Clark	38,348,540	28,042,124	755,523,350	294,300	2,178,190	37.12
Clermont	49,762,582	35,752,567	868,033,700	427,010	3,192,606	41.19
Clinton	10,802,289	8,995,488	242,097,740	130,162	555,268	37.16
Columbiana	24,360,886	18,386,277	525,297,500	258,351	2,659,789	35.00
Coshocton	10,046,431	7,966,944	239,204,350	19,339	454,946	33.31
Crawford	15,943,542	11,144,367	304,196,710	95,097	1,147,954	36.64
Cuyahoga	861,731,148	619,011,553	10,810,018,030	18,146,069	48,704,724	57.26
Darke	13,944,512	11,524,258	357,419,670	264,336	748,117	32.24
Defiance	11,883,438	9,742,215	269,943,870	465,655	412,567	36.09
Delaware	22,615,155	19,011,456	504,076,120	156,331	1,314,172	37.72
Erie	32,958,368	21,444,770	581,476,560	1,529,373	1,237,352	36.88
Fairfield	37,920,834	24,727,548	630,783,560	123,853	1,614,290	39.20
Fayette	7,134,854	5,798,087	181,089,880	181,691	255,555	32.02
Franklin	364,471,663	286,570,483	6,619,590,580	1,200,895	14,438,417	43.29
Fulton	13,837,443	10,466,477	277,222,730	307,439	363,683	37.75
Gallia	5,585,640	4,971,352	165,080,700	2,442	414,803	30.11
Geauga	46,545,064	33,255,238	695,156,380	456,335	2,744,451	47.84
Greene	51,282,748	36,597,095	877,082,400	1,653,085	2,254,637	41.73
Guernsey	10,336,397	8,432,134	216,369,270	55,753	1,120,297	38.97
Hamilton	368,124,408	289,149,206	5,996,472,100	2,214,334	13,672,954	48.22
Hancock	22,581,355	17,820,712	527,125,330	499,146	617,096	33.81
Hardin	9,259,783	7,191,017	202,920,460	250,556	618,438	35.44
Harrison	4,783,952	3,499,277	104,382,240	7,405	316,658	33.52
Henry	9,753,167	8,498,568	206,163,310	402,581	244,275	41.22
Highland	7,738,820	6,529,097	181,710,940	42,313	628,410	35.93
Hocking	5,984,535	4,797,931	125,732,160	32,813	476,006	38.16
Holmes	8,392,031	6,385,396	187,103,920	11,812	655,992	34.13
Huron	17,244,937	11,591,062	344,157,650	275,444	659,270	33.68
Jackson	5,266,844	4,526,854	142,818,610	11,876	629,680	31.70
Jefferson	17,549,576	14,084,533	409,456,890	173,456	2,630,277	34.40
Knox	16,659,270	12,281,452	339,228,660	1,384,622	1,808,350	36.20
Lake	126,728,669	76,365,962	1,901,998,630	4,566,333	6,114,202	40.15
Lawrence	9,220,816	8,033,161	248,143,420	242,020	1,475,253	32.37
Licking	39,089,101	28,941,405	847,426,260	215,898	2,407,588	34.15
Logan	$ 13,485,826	$ 9,054,303	$ 282,445,620	$ 181,874	$ 853,297	32.06
Lorain	107,863,478	71,665,813	1,794,925,460	1,789,056	5,947,495	39.93
Lucas	196,668,250	139,526,133	3,005,495,940	21,383,030	12,376,884	46.42
Madison	10,001,563	8,422,980	235,330,840	142,397	605,835	35.79
Mahoning	86,766,149	68,418,286	1,537,011,130	549,356	13,787,463	44.51
Marion	21,332,834	14,769,038	433,458,910	331,242	1,315,279	34.07
Medina	62,129,337	39,942,388	967,068,190	1,893,069	3,220,364	41.30
Meigs	4,174,397	3,932,463	107,544,510	-0-	634,803	36.57
Mercer	10,922,876	9,532,557	283,714,920	245,491	309,032	33.60
Miami	31,131,804	20,691,574	608,476,670	287,289	988,741	34.01
Monroe	4,269,444	3,337,858	95,915,980	1,635	773,105	34.80
Montgomery	248,749,129	184,873,823	3,908,783,600	5,729,212	13,295,234	47.30
Morgan	3,134,475	2,591,538	79,816,790	-0-	152,864	32.47
Morrow	7,839,218	6,168,172	168,087,130	10,866	1,151,298	36.70
Muskingum	21,604,304	15,269,498	420,041,600	472,338	1,824,239	36.35
Noble	2,782,541	2,493,850	69,877,740	9,834	280,045	35.69
Ottawa	17,827,938	11,893,333	333,582,286	205,758	1,019,267	35.65
Paulding	7,056,473	5,925,037	136,593,980	147,509	354,187	43.38
Perry	6,570,053	5,181,268	137,607,240	15,853	782,935	37.65
Pickaway	10,733,133	8,781,326	262,559,430	100,062	1,049,996	33.45
Pike	5,081,096	3,553,725	98,790,720	76,743	715,825	35.97
Portage	51,295,096	34,493,676	789,805,430	1,331,913	3,996,793	43.67
Preble	10,725,323	9,042,621	255,102,860	383,652	974,018	35.45
Putnam	9,257,694	7,795,236	222,644,710	151,328	206,082	35.01
Richland	44,727,799	35,038,599	814,359,290	503,440	3,059,820	43.03
Ross	18,864,906	13,340,161	388,799,360	35,878	1,286,464	34.31
Sandusky	18,044,228	14,243,390	408,594,720	389,180	609,361	34.86
Scioto	14,996,861	11,777,427	318,627,680	-0-	1,504,795	36.96
Seneca	15,808,781	12,248,322	364,933,520	267,197	483,786	33.56
Shelby	11,949,019	9,523,970	288,037,220	352,378	344,234	33.07
Stark	127,267,214	86,497,678	2,481,443,570	835,648	6,539,449	34.86
Summit	228,505,046	179,627,381	3,635,428,230	11,137,629	16,386,292	49.41
Trumbull	76,884,063	60,916,349	1,484,517,020	674,141	6,664,665	41.03
Tuscarawas	21,188,063	16,594,552	472,777,380	39,967	1,190,205	35.10
Union	11,808,138	8,921,166	251,869,420	56,705	607,866	35.42
Van Wert	9,606,075	7,988,446	207,102,500	61,812	306,944	38.57
Vinton	2,024,155	1,804,653	56,431,090	-0-	147,884	31.98
Warren	38,932,636	26,346,486	719,751,560	1,177,026	1,868,496	36.60
Washington	14,620,840	12,020,334	356,065,780	27,140	851,323	33.76
Wayne	36,683,456	25,570,032	750,296,880	265,653	1,357,551	34.08
Williams	12,634,190	8,574,932	231,545,425	390,958	268,909	37.03
Wood	41,238,007	31,238,967	791,347,620	2,647,614	1,441,062	39.48
Wyandot	6,835,019	4,925,507	158,366,020	41,126	149,039	31.10
Total	$4,238,700,691	$3,137,472,486	$72,358,541,741	$95,424,856	$245,231,084	43.36

(a) Represents taxes charged after "tax reduction factors" are applied. The 10% rollback for all real property, 2.5% rollback for residential real property, and homestead exemption reduction have not been subtracted from this figure because they are fully reimbursed to the local governments and school districts from the State General Revenue Fund.

(b) Rate shown in mills equals taxes charged divided by taxable value.

Source: Abstracts filed by county auditors with Department of Taxation.

Table 66

TAXES LEVIED ON REAL PROPERTY AND PROPERTY TAX RELIEF, CALENDAR YEAR 1984[a], BY COUNTY

County	Taxes Charged[b]	10% Reduction	2.5% Reduction in Real Property Taxes of Homeowners[c]	Homestead Exemption Reduction	Net Taxes Collectible
Adams	$ 3,803,658	$ 378,435	$ 18,801	$ 104,624	$ 3,301,796
Allen	19,866,767	1,985,576	235,506	310,918	17,334,765
Ashland	10,344,926	1,030,527	122,435	239,212	8,952,750
Ashtabula	24,347,230	2,424,078	337,389	697,102	20,888,659
Athens	9,931,224	1,008,106	114,929	357,677	8,450,510
Auglaize	8,794,998	879,458	105,903	131,625	7,678,010
Belmont	12,961,018	1,290,831	180,051	505,338	10,984,797
Brown	5,788,723	579,438	47,292	191,764	4,970,227
Butler	62,590,040	6,244,431	1,045,515	838,557	54,461,535
Carroll	5,335,122	533,051	61,530	140,273	4,600,266
Champaign	7,362,701	736,219	36,244	147,532	6,442,205
Clark	27,549,496	2,755,769	380,153	625,998	23,787,574
Clermont	33,329,748	3,319,569	397,200	515,650	29,097,327
Clinton	8,176,148	814,895	82,569	173,694	7,104,989
Columbiana	18,240,685	1,821,085	261,306	649,706	15,508,587
Coshocton	7,255,391	723,574	90,125	125,903	6,315,787
Crawford	10,764,087	1,075,877	81,569	294,438	9,312,202
Cuyahoga	578,749,481	57,697,053	9,313,858	10,739,992	500,998,576
Darke	10,968,032	1,096,468	131,944	234,848	9,504,771
Defiance	9,581,166	957,825	120,142	161,040	8,342,157
Delaware	17,354,334	1,758,408	219,064	140,573	15,236,287
Erie	20,419,805	2,062,515	322,647	413,811	17,620,830
Fairfield	22,867,878	2,287,839	319,455	548,030	19,712,553
Fayette	5,576,050	557,829	45,268	123,848	4,849,103
Franklin	272,611,922	27,140,772	4,164,227	2,613,866	238,693,055
Fulton	10,336,661	1,032,774	125,716	147,781	9,030,388
Gallia	4,926,432	491,578	46,798	132,758	4,255,296
Geauga	31,603,438	3,163,004	554,158	260,065	27,626,209
Greene	33,259,673	3,306,197	525,062	376,860	29,051,552
Guernsey	7,865,614	787,151	89,177	306,426	6,682,859
Hamilton	280,458,928	27,909,286	4,511,642	4,068,062	243,969,937
Hancock	17,530,700	1,746,826	158,110	199,708	15,426,054
Hardin	6,638,948	664,041	65,737	131,057	5,778,113
Harrison	3,209,165	318,953	32,133	97,738	2,760,339
Henry	8,281,928	829,381	84,713	122,039	7,245,794
Highland	6,349,253	635,173	45,489	208,741	5,459,848
Hocking	4,542,083	453,699	67,261	140,890	3,880,232
Holmes	6,318,332	631,690	38,970	63,875	5,583,796
Huron	11,358,101	1,135,488	131,138	252,331	9,839,143
Jackson	4,397,561	444,388	65,892	218,044	3,669,236
Jefferson	13,453,751	1,345,848	167,814	409,350	11,530,737
Knox	12,230,212	1,214,463	137,646	237,306	10,640,796
Lake	72,884,328	7,287,373	1,260,763	956,095	63,380,096
Lawrence	7,618,102	760,185	110,943	393,428	6,353,545
Licking	26,536,799	2,658,445	372,509	485,222	23,020,621
Logan	8,857,088	885,366	98,558	231,219	7,641,944
Lorain	68,973,479	6,851,513	1,133,426	1,667,126	59,321,412
Lucas	124,533,731	12,327,591	1,661,274	2,445,784	108,099,080
Madison	8,146,888	810,113	66,165	114,808	7,155,801
Mahoning	67,722,143	6,749,336	1,051,395	1,809,363	58,112,048
Marion	13,833,296	1,361,003	178,820	229,387	12,064,085
Medina	38,172,135	3,806,621	619,665	378,263	33,367,585
Meigs	3,900,897	389,633	36,021	144,401	3,330,841
Mercer	9,423,811	941,726	99,020	131,777	8,251,287
Miami	20,589,575	2,060,028	328,131	455,712	17,745,702
Monroe	2,778,025	277,173	33,138	85,657	2,382,055

Table 66 (cont'd)

County	Taxes Charged(b)	10% Reduction	2.5% Reduction in Real Property Taxes of Homeowners(c)	Homestead Exemption Reduction	Net Taxes Collectible
Montgomery	$ 176,657,957	$ 17,450,038	$ 2,503,673	$ 2,055,171	$ 154,649,073
Morgan	2,328,879	232,705	18,369	49,081	2,028,722
Morrow	6,173,176	616,364	69,493	132,850	5,354,467
Muskingum	13,123,818	1,310,638	168,526	446,071	11,198,581
Noble	2,518,023	251,076	18,380	74,164	2,174,402
Ottawa	10,841,911	1,084,236	94,464	208,603	9,454,607
Paulding	5,892,966	589,233	58,686	70,027	5,175,018
Perry	5,015,303	501,678	69,429	246,093	4,198,101
Pickaway	8,847,777	676,723	95,636	132,108	7,743,309
Pike	3,410,423	340,540	43,530	195,231	2,831,121
Portage	33,652,980	3,364,041	265,974	522,706	29,500,257
Preble	9,010,839	900,149	108,854	176,103	7,825,732
Putnam	7,513,674	751,423	97,414	95,808	6,569,027
Richland	31,715,562	3,139,780	427,525	621,726	27,526,530
Ross	13,098,487	1,298,501	128,386	350,440	11,321,158
Sandusky	11,838,577	1,183,360	163,400	214,687	10,277,129
Scioto	11,277,293	1,123,830	151,873	612,143	9,389,446
Seneca	11,848,573	1,180,933	162,863	215,523	10,289,253
Shelby	9,376,434	938,557	84,419	133,802	8,219,654
Stark	79,168,610	8,033,754	1,161,339	1,644,119	68,329,397
Summit	169,447,957	16,824,320	2,253,594	2,983,710	147,386,333
Trumbull	56,144,794	5,590,984	769,908	1,105,314	48,678,586
Tuscarawas	16,290,752	1,628,701	230,608	559,089	13,872,353
Union	8,053,235	803,701	83,052	119,911	7,046,570
Van Wert	7,748,318	74,249	86,089	153,098	6,734,880
Vinton	1,662,197	166,156	18,067	74,762	1,403,211
Warren	21,397,378	2,208,534	338,151	321,562	18,529,129
Washington	11,752,765	1,170,346	144,383	277,128	10,160,906
Wayne	25,459,656	2,525,872	308,601	316,572	22,308,609
Williams	7,883,327	787,534	104,475	179,025	6,812,291
Wood	29,369,825	2,942,603	288,793	310,798	25,827,630
Wyandot	4,895,403	489,493	45,131	82,191	4,278,587
Total(d)	$2,964,718,576	$295,515,773	$42,695,536	$52,606,950	$2,573,900,316

(a) Taxes levied in calendar year 1984 and collected in calendar year 1985.
(b) Represents taxes charged after "tax reduction factors" are applied.
(c) Reduction is applied to residential and farm real property not exceeding one acre.
(d) Counties may not add to total due to rounding.

SOURCE: Auditor of State.

TABLE 67

ASSESSED VALUATION OF EXEMPT REAL PROPERTY IN OHIO, BY SELECTED OWNERSHIP CLASSIFICATIONS, CALENDAR YEARS 1981 - 1985

(amounts given in millions of dollars)

	1981	1982	1983	1984	1985
Property under Public Ownership:					
Boards of Education	$2,279.7	$2,413.4	$2,461.4	$2,574.4	$2,589.0
Municipalities	1,523.4	1,641.3	1,833.2	1,940.1	2,063.3
United States	869.2	900.7	903.9	930.7	842.9
State	1,233.9	1,291.1	1,382.2	1,385.2	1,328.0
Counties	675.0	749.8	746.7	820.9	870.6
Park Districts	193.2	206.9	206.7	214.4	221.1
Townships	113.4	122.7	144.1	141.3	109.0
Total	$6,887.8	$7,325.9	$7,678.2	$8,007.0	8,023.9
Property under Private Ownership:					
Churches	$1,353.4	$1,445.6	$1,499.2	$1,565.8	$1,597.3
Charities	934.3	1,045.5	1,156.3	1,260.4	1,361.2
Schools and Colleges	613.2	646.2	684.4	774.0	792.3
Cemeteries	111.0	119.9	122.9	126.0	126.1
Tax Abatements(a)	158.0	395.5	429.0	406.8	436.8
Total	$3,169.9	$3,652.7	$3,891.8	$4,133.0	$4,313.7
Grand Total -- Property under Public and Private Ownership	$10,057.7	$10,978.6	$11,570.0	$12,140.0	$12,337.6

(a) 1985 data for Jackson and Perry counties were not available. 1984 data were used instead for those two counties.

Table 68

ASSESSED VALUE OF EXEMPT REAL PROPERTY COMPARED TO POTENTIAL TAX BASE, BY COUNTY, CALENDAR YEAR 1985

County	Assessed Value of Taxable & Exempt Real & Utility Property (Potential Tax Base)(a)	Assessed Value of Exempt Real Property	Percent of Potential Property Tax Base Exempt from Taxation	County	Assessed Value of Taxable & Exempt Real & Public Utility Property (Potential Tax Base)	Assessed Value of Exempt Real Property	Percent of Potential Property Tax Base Exempt from Taxation
Adams	$ 151,082,540	$ 13,667,710	9.05%	Logan	$ 311,570,510	$ 29,124,890	9.35%
Allen	773,810,060	104,587,210	13.52	Lorain	2,105,139,440	310,213,980	14.74
Ashland	349,980,920	53,580,570	15.31	Lucas	3,451,514,500	446,018,560	12.92
Ashtabula	697,562,950	98,223,240	14.08	Madison	270,216,810	34,885,970	12.91
Athens	360,159,630	127,968,710	35.53	Mahoning	1,752,631,160	215,620,030	12.30
Auglaize	321,823,350	31,701,400	9.85	Marion	489,459,900	56,000,990	11.44
Belmont	468,658,280	60,380,840	12.88	Medina	1,060,504,370	93,436,180	8.81
Brown	194,117,550	25,160,820	12.96	Meigs	116,752,730	9,208,220	7.89
Butler	2,217,688,860	349,946,300	15.78	Mercer	311,068,020	27,353,100	8.79
Carroll	184,784,970	10,796,290	5.84	Miami	688,147,420	79,670,750	11.58
Champaign	233,472,940	18,066,270	7.74	Monroe	104,809,570	8,893,590	8.49
Clark	924,907,690	169,384,340	18.31	Montgomery	4,754,198,910	845,415,910	17.78
Clermont	973,118,150	105,084,450	10.80	Morgan	88,879,810	9,063,020	10.20
Clinton	281,024,010	38,926,270	13.85	Morrow	180,640,280	12,553,150	6.95
Columbiana	579,172,980	53,875,480	9.30	Muskingum	503,514,630	83,473,030	16.58
Coshocton	258,248,250	19,043,900	7.37	Noble	78,593,760	8,716,020	11.09
Crawford	402,861,040	98,664,330	24.49	Ottawa	376,915,246	43,332,960	11.50
Cuyahoga	12,823,661,250	2,013,643,220	15.70	Paulding	147,919,440	11,325,460	7.66
Darke	390,768,860	33,349,190	8.53	Perry	154,510,550	16,903,310	10.94
Defiance	299,210,200	29,266,330	9.78	Pickaway	310,921,490	48,362,060	15.55
Delaware	596,958,680	92,882,560	15.56	Pike	228,390,910	129,600,190	56.74
Erie	637,757,800	56,281,240	8.82	Portage	995,430,090	205,624,660	20.66
Fairfield	694,897,940	64,114,380	9.23	Preble	274,004,650	18,901,790	6.90
Fayette	197,551,020	16,461,140	8.33	Putnam	245,485,090	22,840,380	9.30
Franklin	8,123,317,680	1,503,727,100	18.51	Richland	931,522,280	117,162,990	12.58
Fulton	314,598,190	37,375,460	11.88	Ross	465,643,350	76,843,990	16.50
Gallia	209,798,290	44,717,590	21.31	Sandusky	472,216,010	63,621,290	13.47
Geauga	747,644,010	52487,630	7.02	Scioto	398,660,640	80,032,960	20.08
Greene	1,179,744,120	302,661,720	25.65	Seneca	423,954,830	59,021,310	13.92
Guernsey	270,243,530	53,874,260	19.94	Shelby	319,353,130	31,315,910	9.81
Hamilton	6,914,828,550	918,356,450	13.28	Stark	2,896,781,970	415,338,400	14.34
Hancock	582,226,630	55,101,300	9.46	Summit	4,342,137,230	706,709,000	16.28
Hardin	231,796,790	28,876,330	12.46	Trumbull	1,677,752,820	193,235,800	11.52
Harrison	115,891,280	11,509,040	9.93	Tuscarawas	523,819,760	51,042,380	9.74
Henry	227,837,320	21,674,010	9.51	Union	302,709,650	50,840,230	16.80
Highland	202,968,120	21,257,180	10.47	Van Wert	233,943,790	26,841,290	11.47
Hocking	142,798,350	17,066,190	11.95	Vinton	64,480,330	8,049,240	12.48
Holmes	200,232,680	13,128,760	6.56	Warren	806,912,110	87,160,550	10.80
Huron	379,793,440	35,635,790	9.38	Washington	430,486,070	74,420,290	17.29
Jackson	158,784,000	15,965,390	10.05	Wayne	855,922,630	105,625,750	12.34
Jefferson	470,711,540	61,254,650	13.01	Williams	252,093,285	20,547,860	8.15
Knox	384,040,950	44,812,290	11.67	Wood	926,717,400	135,369,780	14.61
Lake	2,066,786,110	164,787,480	7.97	Wyandot	221,669,840	63,303,820	28.56
Lawrence	277,955,360	29,811,940	10.73				
Licking	933,927,180	86,500,920	9.26	Grand Total	$84,697,200,451	$12,338,658,710	14.57%

(a) Values in this column include only real property. In prior years this column included public utility tangible personal property value, but they were excluded to provide a consistent base to compare with the exempt values.

SOURCE: Abstracts filed by County Auditors with the Ohio Department of Taxation.

Table 69

NUMBER OF HOMESTEAD EXEMPTIONS GRANTED, AVERAGE REDUCTION IN TAXABLE VALUE, AND TOTAL AMOUNT OF REDUCTION IN TAXES, BY COUNTY, TAX YEAR 1985

County	Number of Homestead Exemptions Granted	Average Reduction in Taxable Value	Total Reduction in Real Property Taxes	County	Number of Homestead Exemptions Granted	Average Reduction in Taxable Value	Total Reduction in Real Property Taxes
Adams	1,129	2,812	$ 105,459	Logan	1,624	2,842	$ 216,246
Allen	2,818	2,693	309,669	Lorain	8,941	3,048	1,596,993
Ashland	1,531	2,991	227,546	Lucas	14,340	2,861	2,579,381
Ashtabula	4,091	3,004	686,886	Madison	851	2,983	109,647
Athens	2,084	2,907	362,991	Mahoning	10,739	2,979	1,754,756
Auglaize	1,188	2,548	124,345	Marion	1,657	2,835	223,168
Belmont	3,696	3,011	512,052	Medina	1,723	2,928	349,776
Brown	1,457	2,967	191,363	Meigs	1,443	2,549	145,035
Butler	6,175	2,991	807,894	Mercer	1,026	3,092	122,431
Carroll	1,020	2,920	132,744	Miami	2,872	2,850	414,148
Champaign	1,025	2,911	147,071	Monroe	697	2,840	90,615
Clark	4,319	2,901	600,245	Montgomery	11,575	2,563	1,908,483
Clermont	2,924	3,173	507,673	Morgan	486	2,388	46,297
Clinton	1,066	2,912	143,256	Morrow	908	2,874	124,913
Columbiana	4,689	2,858	613,729	Muskingum	3,349	2,847	473,428
Coshocton	1,085	2,948	139,403	Noble	622	2,746	68,696
Crawford	2,021	2,725	281,907	Ottawa	1,416	2,937	229,129
Cuyahoga	48,101	2,773	10,392,748	Paulding	564	2,521	80,406
Darke	1,952	2,846	224,668	Perry	1,543	2,859	221,383
Defiance	1,154	2,951	149,975	Pickaway	1,029	2,909	122,000
Delaware	1,090	2,813	138,949	Pike	1,129	3,287	184,535
Erie	2,369	2,973	391,636	Portage	2,726	2,948	498,716
Fairfield	3,091	2,999	516,250	Preble	1,309	2,951	164,646
Fayette	993	3,006	124,496	Putnam	919	2,436	95,320
Franklin	15,560	3,036	2,435,254	Richland	3,963	2,898	638,188
Fulton	1,052	2,579	138,375	Ross	2,479	2,893	340,531
Gallia	1,208	2,876	130,093	Sandusky	1,803	2,778	228,989
Geauga	1,351	2,871	252,446	Scioto	4,468	2,946	606,073
Greene	2,258	2,874	361,787	Seneca	1,645	2,901	205,388
Guernsey	2,184	2,897	304,245	Shelby	1,055	2,850	123,447
Hamilton	20,362	3,036	3,722,715	Stark	11,214	2,865	1,562,434
Hancock	1,385	2,994	183,531	Summit	15,903	3,009	2,969,223
Hardin	1,003	3,066	140,464	Trumbull	7,621	2,899	1,120,511
Harrison	785	2,648	95,015	Tuscarawas	3,919	3,012	522,338
Henry	875	2,685	114,488	Union	812	2,923	119,921
Highland	1,636	2,873	202,924	Van Wert	1,088	2,905	149,614
Hocking	1,066	2,524	133,532	Vinton	746	2,728	85,823
Holmes	461	2,652	56,598	Warren	2,036	3,005	325,586
Huron	1,979	2,380	231,159	Washington	2,303	2,752	261,469
Jackson	N.A.	N.A.	176,271	Wayne	2,146	2,834	296,274
Jefferson	3,508	2,666	401,029	Williams	1,220	2,523	167,391
Knox	1,689	2,892	223,117	Wood	1,966	2,763	300,396
Lake	4,866	2,815	923,713	Wyandot	686	2,476	76,189
Lawrence	3,455	2,917	372,148				
Licking	3,354	2,958	437,466	Total	311,666	2,880	$50,789,558

N.A. Not Available

Source: Surveys filed with the Department of Taxation by County Auditors.

SALES AND USE TAX

The Ohio sales and use tax went into effect in January 1936. The sales tax rate was 3% until 1967 when a 4% rate was adopted. After imposing a temporary 5% sales tax during the period of January through June 1981, a permanent 5% rate was adopted in November 1981. The sales and use tax originally was restricted to the sale or rental of tangible personal property, but has been extended to some services including costs of repairs and installation, and automatic data processing and computer services provided to business.

In 1967, the Ohio General Assembly authorized counties to levy a tax of 0.5% in addition to the state sales and use tax for the purpose of providing additional county general revenue. The tax is levied pursuant to a resolution of the county commissioners and is subject to repeal by majority vote of the county electorate. In January 1982, counties were given the option of levying a full 1% permissive tax. As of June 30, 1986, twenty-four counties levied a tax of 1% and forty-nine counties levied a 0.5% tax. The state collects the combined state and local tax and returns the local share directly to the counties. In fiscal year 1986, the state collected $283.9 million for county governments. The same exemptions and exceptions, credits, and payment dates apply to the county tax as to the state tax.

In 1974, the Ohio General Assembly authorized transit authorities to levy a tax to be collected in addition to the state sales and use tax and county permissive tax for the purpose of providing revenues for public mass transit systems. The tax is levied pursuant to a resolution of the transit authority and subsequent approval by a majority of the voters at a special or general election. The tax can be levied at a rate of 0.5%, 1%, or 1.5%. As of June 30, 1986 the Greater Cleveland Regional Transit Authority levied a 1% tax and the Miami Valley Transit Authority levied a 0.5% permissive sales tax. In fiscal year 1986, the state collected $107.2 million for the transit authorities including the Central Ohio Transit Authority that discontinued its tax September 1, 1985. The same exemptions and exceptions, credits, and payment dates apply to the regional transit authority tax as to the state tax.

The sales and use tax was the largest revenue producer for the state. The sales and use tax still amounted to $2.8 billion in fiscal year 1986, an increase of 9.1% over fiscal year 1985.

TAX BASE (R.C. 5739.01, 5741.01):

The state, county, and transit authority sales and use taxes apply to all retail sales of tangible personal property that are not specifically exempt. Retail sales also include the rental of tangible personal property, the rental of hotel rooms by transient guests, and the sales of specified services.

The county and transit authority use taxes apply to purchases made outside of the state and to purchases made from vendors located in an area which does not have the permissive sales and use tax when the property or service is used in an area that levies a permissive sales and use tax.

RATES (R.C. 5739.02, 5739.021, 5739.023, 5739.025, 5741.02, 5741.021, 5741.022):

The state sales and use tax rate is 5%. Counties are authorized to levy an additional permissive tax at a rate of 0.5% or 1%. Transit Authorities are authorized to levy an additional permissive tax at a rate of 0.5%, 1% or 1.5%. The applicable sales tax rate for all taxable sales except computer services is the location of the vendor. The applicable sales or use tax rate for computer services is the location of the purchaser. The applicable use tax rate is the location of the purchaser. Following are the number of jurisdictions at each tax rate as of June 30, 1986.

State Rate	Local Rate	Total Rate	Number of Jurisdictions
5.0%	--	5.0%	15 counties
5.0%	0.5%	5.5%	48 counties
5.0%	1.0%	6.0%	24 counties
5.0%	1.5%	6.5%	1 county

A bracket system is specified in Section 5739.025 of the Revised Code for each of the above rates.

EXEMPTIONS AND EXCEPTIONS (R.C. 5709.25, 5709.50, 5739.01, 5739.02, 5741.02):

1. Copyrighted motion picture films unless solely used for advertising;
2. Service transactions in which tangible personal property is an inconsequential element for which no separate charge is made except for the following:
    Repair labor costs
    Installation labor costs
    Washing, cleaning, waxing, polishing, and painting of a motor vehicle
    Cleaning and supplying of industrial towels, linens, and work clothing
    Automatic data processing and computer services used in business;
3. The value of motor vehicles traded-in on new motor vehicles sold by licensed motor vehicle dealers;
4. Tangible personal property to be resold in the form received;
5. The refundable deposit paid on returnable beverage containers, cartons, and cases;
6. Tangible personal property used or consumed in commercial fishing;
7. Direct use exceptions --
    a) Material incorporated as a part of tangible personal property produced for sale by manufacturing, assembling, processing, or refining;
    b) Material used or consumed directly in the production of tangible personal property by manufacturing, processing, refining, mining, farming, agriculture, horticulture, floriculture, or used in the production of and exploration for crude oil and natural gas;
    c) Tangible personal property used directly in rendering a public utility service;
    d) Tangible personal property used or consumed directly in the transformation or conversion of raw coal into coke;
    e) Tangible personal property used or consumed in the preparation for sale of graphic material and of magazines distributed as controlled circulation publications;
    f) Tangible personal property used directly in making retail sales.
8. Tangible personal property used or consumed in the process of reclamation of strip-mined land;
9. Sales to U.S. Government agencies;
10. Sales to the state or any of its political subdivisions;
11. Food for human consumption off the premises where sold;
12. Food sold to students in a dormitory, cafeteria, fraternity, or sorority;
13. Food served without charge to employees as a part of their compensation;
14. Newspapers;
15. Magazine subscriptions sent by 2nd class mail or distributed as controlled circulation publications;
16. Motor vehicle fuel subject to the state motor fuel tax;
17. Gas, water, steam, and electricity delivered through pipes, conduits, or wires by a utility company;
18. Communication services by telephone and telegraph companies (including cable television);
19. Casual sales except for motor vehicles and house trailers, watercraft, outboard motors, snowmobiles, and all purpose vehicles;
20. Sales by churches and non-profit charitable organizations (excluding motor vehicles and house trailers) provided that the number of sales does not exceed six days each year and no more one day in any calendar month;
21. Transportation of persons or property;
22. Sales to churches and nonprofit organizations operated exclusively for charitable purposes;
23. Building and construction material sold to contractors for incorporation into real property of the federal, state, or local governments, or of religious and non-profit charitable institutions;
24. Ships used in interstate or foreign commerce and material used for repair, alteration, or propelling such vessels;
25. Material, machinery, equipment, and other items used in packaging property to be sold at retail;
26. Prescription drugs, insulin and injection materials used by diabetics, urine and blood testing materials used by diabetics or persons with hypoglycemia, oxygen and oxygen equipment for personal use, hospital beds for personal use, prosthetic and surgical devices, ostomy and orthopedic devices, crutches, wheelchairs and wheelchair lifts;
27. Emergency and fire protection vehicles used exclusively by non-profit organizations in providing emergency and fire protection services for political subdivisions;
28. Sales to community centers and to producers offering presentations in music, dramatics, the arts, and related fields to foster public interest and education;
29. Motor vehicles sold in Ohio to non-residents for use outside the state;
30. Property used in the preparation of eggs for sale;

EXEMPTIONS AND EXCEPTIONS (R.C. 5709.25, 5709.50, 5739.02, 5741.02) con't:

31. Sales of handling and transportation equipment (except licensed motor vehicles) to persons engaged in manufacturing, processing, assembling, or refining when used in moving property in or between plants during the production process;
32. Sales of property for use in agricultural production;
33. Property manufactured in Ohio and immediately shipped outside the state for use in retail business, if sold by the manufacturer to the retailer and shipped in vehicles owned by the retailer;
34. Sales to persons engaged in manufacturing, processing, assembling, or refining of property used directly in the production of property used or consumed in the production of a final product (use on use);
35. Sales of solar, wind, or hydrothermal energy systems that meet certain guidelines adopted by the Director of Development;*
36. Sales to non-commercial, educational broadcasting stations;
37. Sales of animals by nonprofit animal shelters and county humane societies;
38. Items used in preserving, preparing, or serving food, or material used in maintaining or cleaning these items in a commercial food service operation;
39. Tangible personal property used in air, noise, or water pollution control facilities by holders of pollution control certificates issued by the Tax Commissioner;
40. Bulk water for residential use;
41. Tangible personal property incorporated into an energy conversion facility, solid waste energy conversion facility, or thermal efficiency improvement facility certified by the Tax Commissioner;
42. Sales to qualified nonprofit corporations of property used in furnishing services to, or conducting research for, public, educational, or charitable libraries.
43. Sales and installation of agricultural land tile and the sale and erection of portable grain bins.
44. Fees paid for inspection of emission control equipment on motor vehicles.
45. Items used in fulfilling a warranty that is included in the purchase price.
46. Sales to state headquarters of veterans organizations chartered by congress or recognized by the Veterans Administration.

* Effective through December 31, 1985.

DISCOUNT (R.C. 5739.12, 5741.12):

Payment on or before the date a return is required to be filed entitles the vendor to a discount of 1.5% of the amount due.

Example	$5,000	Tax Due
	- 75	1.5% Discount
	$4,925	Net Tax Due

TAXPAYER (R.C. 5739.01, 5739.03, 5739.031, 5739.17, 5741.01):

Any person, retailer, business, organization, etc. making retail sales or making taxable purchases on which the tax has not been paid may be required to file a return and remit the tax due.

The following are those required to remit sales or use tax, the cost of any license if needed, and a description of each type of taxpayer:

Taxpayer	Cost of License	Description
Vendor	First year $25 Annual renewal $10	Each person or business establishment located in Ohio making retail sales.
Service Vendor	First year $25 Annual renewal $10	Person or business that provides automatic data processing and computer services to businesses.
Transient Vendor	First year $100 Annual renewal $40	Retailer that makes sales in any county in which the person has no fixed place of business. The license is valid throughout the state.
Limited Vendor	Each event $5	Retailer who makes sales at a temporary exhibition, show, flea market or other event. The license is valid only for the duration of the event or for seventeen days, whichever is less.

TAXPAYER (R.C. 5739.01, 5739.03, 5739.031, 5739.17, 5741.01) con't.:

Taxpayer	Cost of License	Description
Seller	No fee	Retailer located outside of Ohio who makes retail sales of property or services for storage, use, or consumption in Ohio.
Direct Pay Permit Holder	No fee	Manufacturers or other consumers who purchase tangible personal property for which the taxable status cannot be determined at the time of purchase. These consumers are authorized to make sales and use tax payments directly to the state.
Clerks of Court	No fee	Vehicle dealers remit taxes collected on sales of motor vehicles and house trailers to county Clerks of Courts when a vehicle is titled. Clerks of Court also collect the tax on casual sales of motor vehicles, watercraft and outboard motors required to be titled.
Ohio Department of Liquor Control	No fee	Collects and remits sales tax paid on alcoholic beverages sold in state control stores.
Consumers Use Tax Account	No fee	Purchasers who have not paid the tax to a Vendor or Seller (in most cases for out-of-state transactions) make payments directly to the state.

PAYMENT DATES (R.C. 5739.12, 5741.12, Rule 5703-9-10):

Type of Return	Taxpayer	Payment Date
Weekly	Clerk of Court	Payment on Monday for tax collected during the preceding week on motor vehicles titled.
Semi-monthly	Ohio Department of Liquor Control	By the 15th day of the month for the tax collected during the first 15 days of the previous month, and by the last day of the month for the tax collected from the 16th through the last day of the previous month on alcoholic beverage sold in state control stores.
Monthly	Vendors, Sellers Service Vendors, Transient Vendors	By the 23rd day of the month (except for January, and July) for the tax collected during the preceding month. A semi-annual reconciliation return is filed by the last day of January and July for the preceding six-month period along with the tax due for the previous month.
Alternate (Monthly) (This method is discontinued effective January 1, 1987)	Vendors, Sellers	By the 23rd day of the month (except for January and July) payments of an amount determined by the Tax Commissioner to be the average monthly tax liability of vendors and sellers authorized to use this method of payment. A semi-annual reconciliation return is filed by the last day of January and July for the preceding six-month period along with any tax due. This method of payment is available upon application to the Tax Commissioner for any vendor or seller normally required to file monthly returns and eliminates the need to determine the actual tax liability each month.
Quarterly	Direct Pay Permit Holders	By the last day of January, April, July, and October for their tax liability during the preceding three months.

PAYMENT DATES (R.C. 5739.12, 5741.12, Rule 5703-9-10) con't.:

Type of Return	Taxpayer	Payment Date
Quarterly	Consumer Use Tax Accounts	By the 15th day of January, April, July, and October for their tax liability during the preceding three months.
Semi-annual	Vendors, Sellers	By the 23rd day of the month following the close of each semi-annual period (predetermined by filing schedule) for the tax collected during the preceding six-month period. This method of payment may be authorized for vendors and sellers whose tax liability is less than $600 per six-month period.

SPECIAL PROVISIONS:

Master Accounts (Rule 5703-9-09): Vendors who have two or more places of business in Ohio may, upon approval by the Tax Commissioner, file a single, monthly, consolidated return reporting on one form the information that normally is required to be reported from each location.

Prearranged Agreements (R.C. 5739.05): Vendors, such as fast food outlets, whose business is of such a nature that keeping records of which sales are taxable and which exempt would impose an unreasonable burden, may be authorized by the Tax Commissioner to pay an amount based on a test check conducted to determine the proportion of taxable sales to total sales. Businesses electing this method of payment still collect the tax from customers and pay under alternate filing authority.

Prepayment (R.C. 5739.05 and Rule 5703-9-08): Vendors, such as coin-operated vending machine operators, whose business is of such a nature that the collection of the tax from consumers would impose an unreasonable burden, may be authorized by the Tax Commissioner to prepay the tax at a rate based on an analysis of sales and prices.

Construction Contractors (R.C. 5739.01): Construction contractors are considered to be the consumers of property incorporated into the construction of or improvement to real property and thus responsible for paying the tax on such property.

Island Taxing Districts (R.C. 5739.101 - 5739.107): Off-shore islands not connected to the mainland by highway or bridge are authorized to levy a tax at the rate of 0.5%, 1%, or 1.5% on business receipts from sales. Receipts from this tax are for the general revenue of the township or municipality within the island territory. The tax is administered and collected by the county treasurer.

Lodgings Tax (R.C. 5739.02 and 5739.024): In addition to the state sales tax, municipal corporations, townships, and counties may levy an excise tax on hotel and motel room rentals at a rate not exceeding three percent. Total combined local levies cannot exceed six percent. In certain cases, some of the funds are earmarked for convention centers and visitor bureaus.

DISPOSITION OF REVENUE:

1. State Sales and Use Tax:

   a) Sales tax (R.C. 5739.21) -- All receipts to the state General Revenue Fund with 3.5% of the amount subsequently transferred to the Local Government Fund.
   b) Use tax (R.C. 5741.03) -- All receipts to the state General Revenue Fund.

DISPOSITION OF REVENUE (cont'd):

2. County Permissive Sales and Use Tax (R.C. 5739.21, 5741.03):

   a) 1% certified to the credit of the Local Sales Tax Administrative Special Account for the use of the Tax Commissioner in defraying costs of administration.
   b) Remainder to the county general revenue fund.

3. Transit Authority Sales and Use Tax (R.C. 306.31, 5739.21, 5741.03):

   a) 1% certified to the credit of the Local Sales Tax Administrative Special Account for the use of the Tax Commissioner in defraying costs of administration.
   b) Remainder to the general revenue of the transit authority for the purpose of acquiring, constructing, operating, maintaining, replacing, improving, and extending transit facilities.

OHIO REVISED CODE CITATIONS:

Chapters 306, 5709, 5739, 5741.

RECENT LEGISLATION:

House Bill 560, effective July 15, 1985.

R.C. 307.95: Authorizes counties to finance the construction of convention center facilities to be used for conventions, meetings, and exhibitions.

R.C. 5739.024: Allow counties to levy an excise tax not to exceed three percent on hotel and motel lodgings to pay for the construction of a convention center. Counties had only ninety days from the effective date of this legislation to enact the tax. The tax cannot apply within municipal corporations or townships that already levy a lodging tax for their general revenue purposes. However, these municipalities and villages may repeal their levies in favor of the county tax.

House Bill 146, effective September 11, 1985.

R.C. 5709.72 and 5739.02: Nonprofit corporations that are exempt from the federal income tax receive a sales tax exemption on the purchase of property that is used to furnish services to, or conduct research for, public, charitable, or educational libraries.

House Bill 335, effective December 11, 1985.

R.C. 5739.01: Exempts the sale and installation of agricultural land tile and the sale and erection of portable grain bins.

House Bill 583, effective February 20, 1986.

R.C. 5739.026: Allows counties to levy a 0.5% sales tax subject to voter approval for one or more of the following purposes: (1) payment of bonds issued for a convention facility; (2) additional revenue for a transit authority; (3) additional county general revenue; (4) additional revenue for permanent improvements.

House Bill 500, effective May 6, 1986.

R.C. 5739.02: Exempts fees paid for inspection of emission control equipment on motor vehicles.

Senate Bill 157, effective May 29, 1986.

R.C. 5703: Provides that application for refunds have been timely filed if the postmark date is on or before the last date for filing even if the application is received after the last date.

RECENT LEGISLATION (cont'd):

Senate Bill 247, effective July 9, 1986.

R.C. 311.37: Requires transient vendors to post a bond of not more than $10,000 if goods and services provided by the vendor exceed $500 in value.

House Bill 54, effective September 17, 1986.

R.C. 5739.01: Direct use exclusion for items used directly in fulfilling a warranty that is part of the price of the property sold.

R.C. 5739.02: Exempts blood testing materials used by diabetics or persons with hypoglycemia.

R.C. 5739.02: Exempts sales to state headquarters of veterans organizations chartered by congress or recognized by the Veterans Administration.

RECENT SIGNIFICANT COURT DECISIONS:

Quality Food & Vending v. Lindley, Case No. CA9261 Montgomery County Court of Appeals (July 22, 1985)

Tables and chairs near vending machines, provided by building owners for eating purposes, constitute "premises" and food purchased from the machines and consumed there is subject to tax.

Interactive Information Systems, Inc. v. Limbach (1985), 18 Ohio St. 3d 309 (July 24, 1985)

A computer software manufacturer may only claim the manufacturing exemption on equipment that actually encodes the magnetic medium that is subsequently sold.

Pittsburgh & Conneaut Dock Co. v. Limbach, (1985) 18 Ohio St. 3d 320 (July 31, 1985)

In order to take advantage of the public utility sales tax exemption, the consumer itself must be a public utility. The appellant dock company merely performed certain services under contract with a public utility (a railroad), but was itself not regulated. The Court found that the enactment of 5739.01(P), the definition of "used directly in rendering a public utility service", rendered invalid the holding in the 1959 Statler v. Yacobucci case upon which the appellant relied.

NCR Corp. v. Lindley, (1985), 18 Ohio St. 3d 332 (July 31, 1985)

"Concentrators and computers that are hardwired to point-of-sale terminals (cash registers) in department stores are used directly in making retail sales, even though the computers are also used for billing, inventory control, etc.

Hartzell Industries, Inc. v. Limbach, Case No. 85-CA-30, Miami County Court of Appeals (Oct. 15, 1985)

Taxpayer's appeal was dismissed as untimely because section 5717.04 R.C., which governs appeals of BTA decisions, makes the standard for timely filing an appeal the actual receipt of the notice of appeal rather than its certified mail postmark date.

Highlights for Children v. Lindley, Case No. 85-AP-431, Franklin County Court of Appeals (Dec. 3, 1985)

Printed matter sent as part of direct mail solicitation is exempt as being used directly in making retail sales.

RECENT SIGNIFICANT COURT DECISIONS (cont'd):

James Blackwood v. Lindley, BTA Case No. 82-D-1331 (Jan. 31, 1986)

A court of common pleas handling the voluntary dissolution of a corporation has no authority to release a responsible corporate officer from unpaid sales tax liability.

Dayton Press, Inc. v. Lindley, 22 Ohio St. 3d 112 (Feb. 19, 1986)

Everthing used during the preparation and production of printed matter for sale, including raw material and finished product handling, is excepted under section 5739.01(E)(8) R.C.

Ewing v. Lindley, 23 Ohio St. 3d 222 (May 7, 1986)

R.C. 5739.33 which imposes liability on corporate officers, is constitutional.

Central Mobile Radio Phone Service, Inc. v. Lindley, BTA Case No. 82-G-72 (May 16, 1986)

A provider of one-way paging services is not a telephone company, and the rental charge for pagers is a sale of tangible personal property, not a communication service.

Table 70

SALES AND USE TAX COLLECTIONS BY TYPE OF PAYMENT
FISCAL YEARS 1982 - 1986

Type Of Payment	1982	1983	1984	1985	1986
Vendors Sales Tax	$1,295,325,687	$1,400,315,420	$1,581,091,093	$1,726,056,453	$1,836,661,469
Sellers Use Tax	66,634,655	65,865,331	80,074,596	94,310,311	102,655,688
Direct Payment Sales Tax	72,100,418	83,744,157	92,296,472	104,596,852	113,966,852
Consumers Use Tax	38,471,240	39,855,784	47,153,791	53,379,392	59,051,534
Sales and Use Tax Assessments and Penalties	27,241,801	37,869,177	41,486,076	47,991,622	60,945,533
Attorney General Sales and Use Tax Collections	13,035,295	16,410,880	17,998,560	20,737,460	15,045,012
Liquor Sales by Department of Liquor Control	15,587,889	16,099,811	15,256,544	14,979,753	14,488,068
Tax on Casual Watercraft Sales	1,835,954	2,977,655	3,441,031	3,593,280	4,314,639
Tax on Motor Vehicles and House Trailers	284,163,889	337,191,591	428,239,435	486,390,438	575,929,333
Total	$1,814,396,828	$2,000,329,806	$2,307,037,598	$2,552,035,561	$2,783,058,128
County and Regional Transit Authority Sales Tax	$ 219,419,905	$ 239,547,741	$ 293,668,222	$ 323,559,341	$ 391,042,344
Grand Total	$2,033,816,733	$2,239,877,547	$2,600,705,820	$2,875,594,902	$3,174,100,472

SOURCE: Ohio Office of Budget & Management, Monthly Revenue Report.

Table 71

NUMBER OF ACCOUNTS BY TYPE AND PAYMENT SCHEDULE
AS OF JUNE 30, 1986

	PAYMENT SCHEDULE				
Accounts	Monthly	Alternative	Semi-Annual	Quarterly	Total
Vendors	89,255	1,014	113,890	--	204,159
Sellers Use	2,989	6	3,870	--	6,865
Service Vendors	1,276	--	--	--	1,276
Limited Vendors	1,370	--	--	--	1,370
Master Accounts(a)	1,326	49	47	--	1,422
Consumers Use	--	--	--	9,293	9,293
Direct Pay	--	--	--	1,036	1,036
Total	96,216	1,069	117,807	10,329	225,421

(a) Represents 20,942 retail establishments authorized to file under Consolidated Master Accounts.

Table 72

COUNTY AND TRANSIT AUTHORITY PERMISSIVE TAX COLLECTIONS, FISCAL YEARS 1982 - 1986

			Amount of Tax					Current Status	
Number Active	County	Tax Rate 6/30/86	1982	1983	1984	1985	1986	First Enacted	Termination Date (1)
1	Allen	0.5%	$ 2,217,184	$ 2,269,310	$ 2,734,503	$ 2,950,669	$ 3,183,870	May 1, 1970	-
2	Ashland	0.5	605,361	622,294	704,457	748,660	799,276	Mar. 1, 1971	-
3	Ashtabula	1.0	1,430,466	1,434,217	1,624,868	1,754,277	3,443,989	Apr. 1, 1977	-
4	Athens	0.5	201,814	666,903	775,013	822,840	897,311	Feb. 1, 1982	-
5	Auglaize	0.5	582,011	635,451	703,740	760,826	826,017	Nov. 1, 1973	-
6	Belmont	0.5	0	0	0	130,102	1,593,116	May 1, 1985	-
7	Brown	0.5	285,124	293,139	337,184	424,004	366,485	Aug. 1, 1979	-
8	Butler	0.5	0	0	0	19,050	5,299,153	Jun. 1, 1985	-
9	Carroll	1.0	0	0	0	0	502,509	Sep. 1, 1985	-
10	Champagne	1.0	0	0	0	0	426,807	Jan. 1, 1986	-
11	Clark	1.0	2,153,338	2,241,936	3,808,281	5,456,350	6,325,702	Nov. 1, 1972	-
--	Columbiana	-	0	0	0	0	1,332,489	Aug. 1, 1985	Dec. 31, 1985
12	Clermont	1.0	1,838,948	2,049,603	4,044,423	5,582,007	6,394,204	Aug. 1, 1979	-
13	Clinton	0.5	438,950	461,107	545,665	584,475	634,056	May 1, 1972	-
14	Coshocton	1.0	475,148	508,282	558,767	717,143	1,218,859	Jun. 1, 1971	-
15	Crawford	0.5	614,475	616,199	717,826	939,901	1,225,699	May 1, 1978	-
16	Cuyahoga	0.5	29,383,033	29,600,911	35,056,838	36,967,988	39,896,247	Sep. 1, 1969	-
17	Darke	0.5	637,685	665,743	762,129	850,256	951,272	Jul. 1, 1975	-
18	Delaware	0.5	660,694	731,323	825,359	951,305	1,107,506	Jan. 1, 1972	-
19	Erie	0.5	1,642,815	1,749,568	2,020,884	2,219,478	2,493,732	Mar. 1, 1977	-
20	Fairfield	0.5	819,790	1,284,458	1,526,992	1,776,444	1,841,359	Sep. 1, 1981	-
21	Fayette	0.5	0	87,942	265,438	475,987	522,271	Mar. 1, 1983	-
22	Franklin	0.5	0	0	0	0	23,381,200	Sep. 1, 1985	-
23	Fulton	0.5	495,877	524,109	605,440	645,319	709,600	May 1, 1972	-
24	Gallia	0.5	206,380	451,885	506,156	529,955	560,235	Dec. 1, 1981	-
25	Greene	0.5	1,535,035	1,567,940	1,821,295	2,030,835	2,323,950	Mar. 1, 1971	-
26	Guernsey	0.5	711,511	1,287,839	1,458,212	1,513,511	843,806	Feb. 1, 1971	-
27	Hamilton	0.5	19,431,404	20,793,300	24,052,210	26,505,225	30,171,633	Jun. 1, 1970	-
28	Hancock	0.5	1,718	199,549	1,464,267	1,630,843	1,817,397	Feb. 1, 1979	-
29	Hardin	0.5	0	0	0	0	271,324	Oct. 1, 1985	-
30	Harrison	0.5	0	0	0	0	79,977	Dec. 1, 1985	-
31	Henry	1.0	360,159	365,455	546,180	450,206	506,369	Mar. 1, 1972	-
32	Highland	0.5	367,536	387,513	434,573	483,233	538,712	May 1, 1979	-
33	Hocking	0.5	244,830	248,246	288,137	317,531	424,149	Apr. 1, 1979	-
34	Holmes	0.5	360,572	370,794	446,732	489,882	560,879	Jul. 1, 1977	-
35	Huron	1.0	734,089	763,631	893,146	1,004,513	1,593,248	Feb. 1, 1978	-
--	Jackson	-	103,124	447,311	1,909	3,263	4,664	Apr. 1, 1982	Dec. 31, 1982
36	Jefferson	0.5	1,332,853	1,243,566	1,432,330	1,462,539	1,529,912	Jun. 1, 1973	-
37	Knox	0.5	601,762	622,441	669,615	722,365	847,772	May 1, 1971	-
38	Lake	0.5	4,043,066	4,237,662	4,966,203	5,500,696	6,020,987	Jul. 1, 1969	-
39	Lawrence	1.0	0	0	0	0	11,115	Jun. 1, 1986	-
40	Licking	1.0	1,796,459	1,889,677	2,865,707	4,634,244	5,195,896	Feb. 1, 1971	-
41	Logan	0.5	565,325	573,125	660,062	746,437	833,031	Jan. 1, 1974	-
42	Lorain	0.5	0	0	0	0	4,680,499	Jul. 1, 1985	-
43	Lucas	1.0	9,971,868	19,276,388	22,722,114	24,312,002	27,464,761	Feb. 1, 1971	-
44	Madison	1.0	0	178,728	798,996	873,770	984,768	Mar. 1, 1983	-
45	Mahoning	0.5	4,796,456	4,446,465	5,290,530	5,592,162	6,172,898	Apr. 1, 1980	-
46	Marion	0.5	0	0	0	0	1,002,128	Sep. 1, 1985	-
47	Medina	0.5	1,588,740	1,625,841	1,959,357	2,162,364	2,462,705	Apr. 1, 1971	-
48	Mercer	0.5	546,732	592,424	647,511	720,865	778,029	Nov. 1, 1971	-
49	Miami	0.5	1,318,984	1,386,673	1,661,793	1,895,545	2,025,516	Dec. 1, 1969	-
50	Montgomery	1.0	11,400,645	12,147,665	14,453,643	16,122,729	27,185,643	Jan. 1, 1971	-
51	Morgan	0.5	116,838	114,796	131,583	150,683	152,775	Feb. 1, 1972	-
52	Morrow	0.5	88,142	183,073	216,858	246,904	271,348	Jul. 1, 1971	-
53	Muskingum	1.0	1,749,415	2,750,922	3,180,018	3,412,249	3,921,223	May 1, 1971	-
54	Noble	1.0	109,431	102,951	122,514	164,674	252,223	Jan. 1, 1971	-
55	Ottawa	1.0	600,029	638,876	770,837	929,382	1,899,596	Oct. 1, 1973	-
56	Paulding	1.0	0	0	69,376	404,048	466,798	Apr. 1, 1984	-
57	Perry	1.0	262,369	487,922	584,338	620,468	664,410	Mar. 1, 1971	-
58	Pickaway	1.0	0	0	776,001	1,369,520	1,537,251	Oct. 1, 1983	-
59	Preble	0.5	343,524	354,378	437,093	479,825	672,130	Nov. 1, 1979	-
60	Putman	0.5	323,581	338,053	413,119	432,062	475,867	Jan. 1, 1974	-
61	Richland	0.5	1,247,273	13,527	2,524,939	2,492,586	3,503,375	Jun. 1, 1979	-
62	Ross	0.5	979,384	1,002,913	1,187,755	1,245,770	1,343,301	Jan. 1, 1980	-
63	Sandusky	0.5	900,494	916,959	1,087,345	1,170,850	1,333,522	Aug. 1, 1979	-
64	Scioto	0.5	1,089,062	1,132,449	1,208,367	1,264,695	1,360,317	May 1, 1979	-
--	Seneca	-	0	0	1,162,837	1,615,603	1,263,978	Oct. 1, 1983	Dec. 31, 1985
65	Shelby	0.5	520,165	566,185	659,875	702,982	793,380	Mar. 1, 1971	-
66	Summit	0.5	9,605,440	10,396,055	12,363,715	13,613,571	14,815,638	Mar. 1, 1973	-
--	Trumbull	-	0	0	0	418	3,206,735	Jun. 1, 1985	Dec. 31, 1985
--	Tuscarawas	-	-(28)	1,543	636	0	1,583,788	Apr. 1, 1971	Dec. 31, 1985
67	Van Wert	1.0	390,146	657,870	937,972	1,037,515	1,125,104	Mar. 1, 1972	-
68	Vinton	1.0	0	0	0	16,709	127,435	May 1, 1985	-
69	Warren	0.5	1,502,193	1,541,551	1,923,935	2,122,006	2,411,469	Jan. 1, 1972	-
70	Washington	1.0	0	0	1,398,935	2,340,646	2,551,721	Oct. 1, 1983	-
71	Wayne	0.5	1,474,743	1,531,803	1,776,327	1,910,399	1,992,392	Mar. 1, 1971	-
72	Williams	1.0	505,274	530,527	618,203	701,431	872,628	Dec. 1, 1977	-
73	Wood	0.5	1,861,479	1,856,941	2,255,929	2,420,355	2,644,935	Jun. 1, 1971	-
--	Wyandot	-	0	0	0	203,437	383,071	Feb. 1, 1985	Dec. 31, 1985
County Total			$130,170,915	$146,665,907	$183,466,992	$205,550,584	$283,891,142		
Cleveland RTA		1.0%	$ 57,862,807	$ 59,429,661	$ 70,251,278	$ 74,122,473	$ 80,149,307	Oct. 1, 1975	-
Miami Valley TA		0.5	11,430,125	12,019,459	14,331,601	15,493,835	17,905,383	Jul. 1, 1980	-
Central Ohio TA		-	19,956,058	21,432,714	25,618,351	28,392,449	9,096,516	Sep. 1, 1980	Aug. 31, 1985
Transit Authority Total			$89,248,990	$92,881,834	$110,201,230	$118,008,757	$107,151,206		
Grand Total			$219,419,905	$239,547,741	$293,668,222	$323,559,341	$391,042,348		

(1) Some counties have repealed and then re-enacted the tax.

SEVERANCE TAX

The severance tax, first levied in 1972, is paid by persons or firms which extract or sever certain natural resources from the soil or waters of Ohio. The tax produced $9.9 million in fiscal year 1986, about 46% of it from the levy on natural gas. Severers are licensed by the Tax Commissioner or other designated state agencies.

TAX BASE (R.C. 5749.02):

The tax is levied on the weight or volume of certain natural resources extracted from the soil or water of Ohio.

RATES (R.C. 5749.02) (See: "Recent Legislation" for changes effective in fiscal year 1986):

Salt	4 ¢ per ton
Coal	9 ¢ per ton
Oil	10 ¢ per barrel
Natural Gas	2.5 ¢ per 1,000 cubic feet
Limestone, Dolomite, Sand, Gravel	1 ¢ per ton

EXEMPTIONS AND CREDITS (R.C. 5749.03):

$1,000 exemption annually for natural resources used on the land from which they are taken by the severer as part of the improvement of or use in his homestead.

TAXPAYER (R.C. 5749.02):

Each severer.

PAYMENT DATES (R.C. 5749.06):

Quarterly:	May 15 August 14 November 14 February 14	For quarterly periods ending the last day of March, June, September and December, respectively.

DISPOSITION OF REVENUE (R.C. 5749.02, 5749.021):

A. To fund the Geological Mapping Fund, the following distributions are made:

(1) 6.3% of the 7¢ tax on coal
(2) 15% of salt, limestone, dolomite, sand and gravel severance tax collections
(3) 10% of oil and gas severance tax collections

B. To fund the Unreclaimed Lands Fund, the following distributions are made:

(1) 21.6% of the 7¢ tax on coal
(2) 85% of salt, limestone, dolomite, sand and gravel severance tax collections

C. To fund the Oil and Gas Well Plugging Fund, one million dollars is allocated from the remaining 90% of oil and gas severance tax collections. Any excess over this dollar amount will be allocated to the Oil and Gas Permit Fee Fund.

D. To fund the Defaulted Areas Fund, the fund following distributions are made:

(1) Revenue from one cent levied on coal
(2) 14.2% of the 7¢ tax on coal

E. To fund the Coal Mining Administration and Reclamation Reserve Fund 57.9% of the remaining 7¢ tax on coal is distributed to this fund.

DISPOSITION OF REVENUE (R.C. 5749.02, 5749.021) (cont'd):

F. To fund the Reclamation Supplemental Forfeiture Fund, the revenue from the additional one cent levied on coal.

SPECIAL PROVISIONS:

A temporary 1-cent-per-ton tax on coal may be enacted in the event the balance in the Reclamation Fund falls below $2 million and $500,000 has already been transferred to the fund by the Auditor of State in the fiscal year. An additional temporary 1 cent-per-ton tax on coal may be enacted if its deemed that the balance of the defaulted areas fund plus transfers to the fund and the estimated revenue for the fund are not sufficient to reclaim lands.

OHIO REVISED CODE CITATIONS:

Chapter 5749.

RECENT LEGISLATION:

Am. H.B. 238, effective July 1, 1985.

R.C. 5749.02: Increases the permanent rate on coal from 4¢ to 7¢. Imposes a 1¢ per ton tax on coal to fund reclamation of certain lands. Revenue from this increase is earmarked for the defaulted areas fund. This additional 1¢ tax ends when sufficient revenues have to collected to reclaim the qualified lands.

R.C. 5749.021: Reduces amount of coal tax revenue earmarked for the geological mapping fund from 11% to 6.3%. Earmarks 57.9% of the tax on coal for the coal mining administration and reclamation fund and 14.2% for the defaulted areas fund.

Table 73

SEVERANCE TAX COLLECTIONS, FISCAL YEARS 1984-1986

Natural Resource	Tax Rate[(a)]	1984	1985	1986
Coal	4 ¢ per ton	$1,466,971	$1,624,542	$2,786,092
Natural Gas	2.5 ¢ per 1,000 cu. ft.	3,257,320	4,350,637	4,576,908
Limestone	1 ¢ per ton	311,972	341,581	419,179
Oil	10 ¢ per barrel	1,138,132	1,401,340	1,467,557
Gravel	1 ¢ per ton	183,487	209,702	211,477
Sand	1 ¢ per ton	124,769	144,093	174,495
Salt	4 ¢ per ton	117,396	168,174	202,842
Dolomite	1 ¢ per ton	18,166	18,057	29,424
Total		$6,618,213	$8,258,126	$9,867,974

(a) Effective January 1, 1985, rate on coal increased to 5¢ per ton.
Effective July 1, 1985, rate on coal increased to 9¢ per ton.

TANGIBLE PERSONAL PROPERTY TAX

Taxes levied on tangible personal property totaled $868.2 million in calendar year 1985, on a taxable value of $16.1 billion. The $10,000 exemption reduced the statewide taxable value by $907.3 million and reduced statewide taxes levied by $52.6 million in 1985. However, the state reimbursed local governments for this revenue loss.

The assessment percentages applied to all types of tangible personal property (except electrical equipment) were reduced by one percentage point in 1985.

TAX BASE (R.C. 5701.03, 5701.08, 5709.01, 5711.03, 5711.15-5711.18, 5711.22):

Tangible personal property located and used in business in Ohio -- including machinery, equipment, and inventories.

Class of Property	Percentage Applied to True Value to Determine Taxable Value	
	1985	1986
Manufacturing Machinery & Equipment	33%	32%
Manufacturers' Inventories	33%	32%
Merchants' Inventories	33%	32%
Electrical Equipment(1)	100%	100%
Furniture, Fixtures, and All Other Property	33%	32%

(1) Property used in generating or distributing electricity to others (except by utilities); the total value of this class is not significant.

Taxable value is determined by applying various assessment percentages to the true value of different classes of tangible personal property. The true value of depreciable assets (machinery and equipment, furniture and fixtures, etc.) is statutorily defined as depreciated book value unless the assessor determines otherwise. The true value of manufacturers' and merchants' inventories is determined by the average monthly value (basically, cost of acquisition) of the inventories. Inventories of other taxpayers are listed at their value as of the tax listing date (generally December 31). The table above shows the assessment percentages applied to true value in 1985 and 1986. The percentages for all property (except for electrical equipment) will be reduced by one percentage point each year until the assessment level reaches 25% in 1993.

RATES (R.C. 319.31, 5705.02, 5705.03, 5705.05, 5705.19):

Vary with taxing jurisdiction. Total tax rate includes all levies, enacted by legislative authority or approved by voters, for all taxing jurisdictions within which the property is located (e.g. county, township, municipal corporation, school district, etc.). The rates applied to tangible personal property are the same as those rates developed and applied to the previous year's listing of real estate and public utility property. However, gross taxes levied on real property are reduced when real property values increase, while taxes levied against tangible property are not reduced. The statewide average tax rate on tangible property in 1985 was 53.98 mills.

SPECIAL PROVISIONS (R.C. 321.24, 5733.061, 5747.051):

(A) An annual credit against the corporate franchise or personal income tax liability of a firm is allowed for a portion of the tangible property taxes timely paid on machinery and equipment used in manufacturing or refining and acquired in 1978 or thereafter. This credit is equal to the difference between the tangible property taxes actually paid on such property and the tax that would have been due if the listing percentage for the property had been 20% (starting in 1989 this percentage will be increased by one percentage point per year until 1993 - an increase from 20% to 25%). For 1985, this credit was equal to about 39% of the taxes paid on qualified equipment.

SPECIAL PROVISIONS (R.C. 321.24, 5733.061, 5747.051) (cont'd):

(B) Until 1988, certain municipalities may abate up to 100% of the tangible property taxes for a period of up to 10 years for qualified businesses establishing, expanding, renovating or occupying a facility in an "Urban Jobs and Enterprise Zone." Counties may abate up to 50% of the tangible property taxes for up to 10 years for businesses meeting the same qualifications.

(C) The local revenue loss caused by the "$10,000 exemption" (see "Exemptions and Exceptions Section) is reimbursed from state revenues.

EXEMPTIONS AND EXCEPTIONS:

1. The first $10,000 of otherwise taxable value for each company (R.C. 5709.01).
2. Property not used in business; i.e., property owned and not used for gain by any level of government, schools, churches, colleges, etc. (R.C. 5701.08, 5709.07, 5709.08, and 5709.12).
3. Registered motor vehicles and licensed aircraft (R.C. 5701.03 and 5709.01).
4. Personal property used in agriculture (R.C. 5701.08).
5. Patterns, jigs, dies, and drawings used in business which are held for use and not for sale (R.C. 5701.03).
6. Certified air, water, and noise pollution control equipment (R.C. 5709.25 and 6111.35).
7. Tangible personal property of domestic and foreign insurance companies, financial institutions, and dealers in intangibles (except property held, for the purpose of leasing to others) (R.C. 5725.25 and 5725.26).
8. Machinery and equipment while under construction and not capable of operation (R.C. 5701.08).
9. Certified energy conversion facilities -- property used to convert a commercial or industrial facility from the use of natural gas or fuel oil to any other fuel except propane, butane, or naptha (R.C. 5709.50).
10. Certified thermal efficiency improvement facilities -- property used for recovery and use of waste heat, or steam produced in generating electricity, heat generation, lighting, refrigeration, or space heating (R.C. 5709.50).
11. Certified solid waste energy conversion facilities -- property used to convert solid waste from industrial operations into energy for some useful purpose (R.C. 5709.50).
12. Inventories held for use in a foreign trade zone (R.C. 5709.44).
13. Property in a public recreational facility used for athletic events if certain criteria are met (5709.081).
14. Property shipped from outside Ohio and held in Ohio for storage only (R.C. 5701.08).
15. Leased property used by the lessee exclusively for agricultural purposes (R.C. 5701.08).
16. New and used machinery, equipment, and accessories designed and built for agricultural use while in the inventory of a merchant (R.C. 5701.08).
17. Property owned by a port authority and leased to a railroad is partially exempt for a period of 10 years (R.C. 5709.71).

FILING AND PAYMENT DATES (R.C. 319.29, 323.10, 323.17, 5711.01, 5711.04, 5711.25, 5719.02):

February 15th to April 30th -- Returns are filed by all businesses during this period unless a time extension of up to 45 days is allowed by the county auditor or Tax Commissioner. Taxpayers first engaging in business after January 1 file a return within 90 days of the day they start business. Single-county corporations, unincorporated businesses, and individuals pay one-half of tax due when filing tax return. Businesses whose only taxable property is exempt under the $10,000 exemption must still file returns and report the value of that property. The value of the "$10,000 exemption" is reduced by 50% for companies which do not file returns on time.

Second Monday in August -- Tax Commissioner certifies preliminary tangible personal property valuations of inter-county corporations to county auditors.

Third Monday in August -- County auditor certifies and delivers tangible personal property list to county treasurer.

September 20th -- Inter-county corporations pay total tax liability by this date. Second half of tax due from all other taxpayers. This due date may be extended for up to 30 days.

DISPOSITION OF REVENUE (R.C. 319.50, 319.54, 5705.10, 5719.02, 5719.05):

After local administrative deductions, revenue is distributed to counties, municipalities, townships, school districts, and special districts according to the taxable values and total voted millage levied by each, or as apportioned by the county budget commission (millage inside the 10-mill limit). In 1985, school districts received about 70% of the total tax revenue, while municipalities received 9%, townships 3%, and counties and special districts 18%.

OHIO REVISED CODE CITATIONS:

Chapters 319, 323, 5701, 5705, 5709, 5711 and 5719.

ADMINISTRATION (R.C. 5711.11, 5711.13):

Each county auditor is a deputy of the Tax Commissioner for purposes of this tax. Taxpayers are required to file annual returns with either the Tax Commissioner or the county auditor. The following table indicates where the returns are filed and who is responsible for assessing the property.

Taxpayers	File With And Tax Assessed By
Inter-county taxpayers (corporations with taxable property in more than one Ohio county)	Tax Commissioner
Single-county taxpayers* (corporations with taxable property in only one Ohio county)	County Auditor

*Returns are filed in duplicate with one copy forwarded to the Tax Commissioner.

RECENT LEGISLATION:

H.B. 238, effective July 1, 1985.

R.C. 5711.22: Removes growth requirement for further reductions in tangible property assessment percentage. Assessment percentage is reduced by one percentage point each year until reaching 25% in 1993.

S.B. 130, effective October 17, 1985.

R.C. 319.311: Requires reimbursement of revenue loss in cases where the "$10,000 exemption" is claimed after the tax duplicate is prepared.

Section 3: Requires Tax Commissioner to remit taxes for 1984 and prior years if the following conditions are met:

(1) Taxpayer files application for remission of taxes by December 31, 1986.
(2) The Tax Commissioner determines that the taxpayer would have had no liability for the year if the "$10,000 exemption" had been in effect.
(3) The taxpayer files returns for 1984 and 1985 and agrees to file returns in future years.

House Bill 274, effective March 6, 1986.

R.C. 5709.01: Exempts spirituous liquor stored in a warehouse in Ohio pursuant to an agreement with the Department of Liquor Control.

RECENT SIGNIFICANT COURT DECISIONS:

Medical Data Systems Corporation v. Lindley (October 9, 1985), BTA No. 82-C-611.

A computer and related equipment, used for research and development of new products and services, were "used in busines" as defined in O.R.C. 5701.08 (A).

C. Donald Watkins, Et. Al. v. Limbach (Jan. 21, 1986), No. 85AP-664, (Franklin Cty. C.A.).

1) Affirmed BTA's decision that appellant did not engage in business until it had possession of leased property and commenced rental payments for the property. 2) Tax Commissioner did not abuse her discretion in assessing a ten percent late-filing penalty.

Armco, Inc. v. Lindley (Feb. 28, 1986) CA 85-04-037 and CA 85-04-038, (Butler County CA).

Drawings and back-up rollers are exempt from tax. Valuation of molds and stools used in producing steel reduced due to short useful life.

Wm. A. Jansheski, dba Great Lakes Sailboats v. Limbach (March 25, 1986), BTA No. 83-A-427.

A "merchant" having personal property in his possession or under his control (for sale) is required to list the average thereof on his return. The appellant's lack of equity in his inventory had no effect on his duty to file a return. The Commissioner's method of valuing the inventory was proper for a seasonal business operation.

Westvaco Corporation v. Limbach (March 27, 1986), BTA No. 83-A-320.

Application of the "302 computation" and 5% prima facie annual allowance was found to create an unjust and unreasonable result. BTA ordered a 7% annual depreciation allowance in conjunction with the "302 computation".

C. C. Leasing Corp. v. Limbach (1986), 23 Ohio St. 3d 204.

The physical use of property by lessee determines how property is to be listed and assessed. Nuclear fuel rods used in generation of electricity must be listed at 100% of true value. Remand for redetermination of true value since Commissioner's determination failed to consider terms and conditions of the lease.

Table 74

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY AND TAXES LEVIED, CALENDAR YEARS 1981 - 1985

Calendar Year	Value Of Tangible Property	Taxes Levied	Annual Change Value	Annual Change Taxes	Average Tax Rate (in mills)
1981	$16,382,452,426	$819,340,054	+ 4.69%	+ 7.10%	50.01
1982	17,165,332,451	879,966,346	+ 4.78	+ 7.40	51.26
1983	17,054,242,529	885,008,265	- 0.65	+ 0.57	51.89
1984	15,612,065,178*	831,600,228*	- 8.46*	- 6.03*	53.27
1985	16,083,694,773	868,212,896	+ 3.02	+ 4.40	53.98

* Both value and taxes levied declined substantially primarily as a result of the new $10,000 exemption granted each taxpayer.

Table 75

TAXES LEVIED ON TANGIBLE PERSONAL PROPERTY, BY SUBDIVISION, CALENDAR YEARS 1981 - 1985

Calendar Year	Taxes Levied Currently: City And Village	School District	Township	County*	Total	Delinquent Taxes From Former Years	Total Taxes And Delinquencies
1981	$81,745,593	$579,664,583	$22,104,259	$135,825,619	$819,340,054	$84,295,853	$903,635,907
1982	84,585,528	621,776,430	24,340,333	149,264,055	879,966,346	97,902,296	977,868,642
1983	82,018,503	622,717,660	26,096,687	154,175,415	885,008,265	130,059,139	1,015,067,404
1984	74,791,617	588,110,334	23,377,425	145,320,852	831,600,228	131,225,649	962,825,877
1985	76,439,601	609,005,685	26,308,139	156,459,471	868,212,896	145,469,750	1,013,682,646

* Include Special Districts

Table 76

TAXES LEVIED ON TANGIBLE PERSONAL PROPERTY IN OHIO CITIES, BY SUBDIVISION, CALENDAR YEARS 1981 - 1985

Calendar Year	Taxes Levied Currently: City And Village	School District	Township	County*	Total	Delinquent Taxes From Former Years	Total Taxes And Delinquencies
1981	$73,019,485	$396,426,367	$1,510,295	$ 98,653,434	$569,609,581	$58,624,000	$628,233,581
1982	76,423,183	430,899,482	1,763,758	108,746,998	617,833,421	69,648,473	687,481,894
1983	74,386,979	429,175,956	1,927,237	111,685,765	617,175,925	90,425,168	707,601,093
1984	67,932,293	413,715,809	1,813,002	105,373,569	588,834,673	88,938,544	677,773,217
1985	69,265,924	426,522,387	2,485,263	112,604,277	610,877,851	102,188,286	713,066,137

* Include Special District

Table 77

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY OF INTER-COUNTY CORPORATIONS BY INDUSTRY CLASS AND CLASS OF PROPERTY, CALENDAR YEAR 1985[a]

	Manufacturing Machinery & Equipment[b]	Manufacturers' Inventories	Merchants' Inventories	Furniture, Fixtures & All Other Property	Total
Agriculture & Forestry	$ 3,477,820	$ 2,010,190	$ 7,008,080	$ 3,137,790	$ 15,633,880
Mining	162,796,140	18,285,110	24,570,960	38,268,790	243,921,000
Construction	13,719,060	7,428,850	5,472,140	20,508,080	47,128,130
Manufacturing	3,527,588,710	3,439,732,350	480,596,270	588,120,180	8,036,037,510
Transportation	44,894,220	3,977,540	11,040,100	70,382,420	130,294,280
Wholesale Trade	85,623,090	109,953,020	323,186,150	100,941,740	619,704,000
Retail Trade	24,565,760	24,139,020	718,761,010	310,385,640	1,077,851,430
Finance	101,809,130	37,682,390	37,385,820	129,792,230	306,669,570
Service	53,623,190	12,828,010	90,046,340	239,790,630	396,288,170
Unclassified[c]	59,972,190	38,664,140	32,853,310	67,777,040	199,266,680
Total	$4,078,069,310	$3,694,700,620	$1,730,920,180	$1,569,104,540	$11,072,794,650

(a) Inter-county corporations are corporations with taxable property in more than one Ohio county.
(b) Also includes property used in mining, laundries, dry cleaning, towel and linen supply, stone and gravel plants, and radio and television broadcasting.
(c) Primarily property leased from financial institutions.

Table 78

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY, BY CLASS OF PROPERTY, CALENDAR YEARS 1984 - 1985

(dollar amounts in millions)

				Assessed Taxable Value			
Class of Property	Schedule	Assessment Levels (% of True Value)		Inter-county Corporations		All Businesses[a]	
		1984	1985	1984	1985	1984[b]	1985[b]
Manufacturing Machinery & Equipment	2	34%	33%	$ 4,279.7	$4,078.1	$5,436.4	$5,386.1
Manufacturers' Inventories	3	34	33	3,736.2	3,694.7	4,536.3	4,599.2
Merchants' Inventories	3A	34	33	1,685.0	1,730.9	3,375.7	3,642.5
Furniture, Fixtures & All Other Property	4	34	33	1,479.2	1,569.1	2,263.7	2,455.9
Total				$11,180.1	$11,072.8	$15,612.1	$16,083.7

(a) Includes single-county corporations and unincorporated businesses as well as inter-county corporations.
(b) Partially estimated.

Table 79

PERCENTAGES APPLIED TO TRUE VALUE OF TANGIBLE PERSONAL PROPERTY TO DETERMINE TAXABLE VALUE, TAX YEARS 1978 - 1987

Tax Year	Manufacturing Machinery & Equipment	Manufacturers' Inventories	Merchants' Inventories	Electrical Equipment[a]	All Other Property[b]
1978	46%	41%	41%	100%	46%
1979	44	39	39	100	44
1980	42	37	37	100	42
1981	40	35	35	100	40
1982	38	35	35	100	38
1983	36	35	35	100	36
1984	34	34	34	100	34
1985	33	33	33	100	33
1986	32	32	32	100	32
1987	31	31	31	100	31

(a) Property used in generating or distributing electricity to others (except utilities).
(b) Includes furniture and fixtures.

Table 80

ASSESSED VALUE OF TANGIBLE PERSONAL PROPERTY, TAXES LEVIED AND AVERAGE COUNTY RATES ON TANGIBLE PROPERTY, CALENDAR YEAR 1985, BY COUNTY

County	Value of Taxable Property	Taxes Levied[(a)]	Average County Rate (in mills)	County	Value of Taxable Property	Taxes Levied[(a)]	Average County Rate (in mills)
Adams	$ 14,251,790	$ 427,386	29.99%	Logan	$ 34,655,352	$ 1,681,814	48.53%
Allen	334,315,349	12,197,130	36.48	Lorain	393,445,716	22,982,209	58.41
Ashland	58,635,731	2,942,221	50.18	Lucas	814,087,586	46,830,599	57.53
Ashtabula	126,990,632	6,845,397	53.90	Madison	14,216,859	619,362	43.57
Athens	16,037,367	1,006,262	62.74	Mahoning	239,859,653	13,458,263	56.11
Auglaize	71,426,660	2,802,844	39.24	Marion	99,497,053	4,584,584	46.08
Belmont	70,621,151	3,015,045	42.69	Medina	112,946,334	7,016,867	62.13
Brown	15,924,520	745,134	46.79	Meigs	35,188,401	1,375,315	39.08
Butler	416,374,010	18,067,195	43.39	Mercer	43,400,023	1,648,407	37.98
Carroll	22,097,067	1,020,495	46.18	Miami	145,605,632	7,652,025	52.55
Champaign	36,416,656	1,783,230	48.97	Monroe	95,756,757	3,690,336	38.54
Clark	149,895,282	7,316,295	48.81	Montgomery	946,145,372	57,976,132	61.28
Clermont	139,584,020	6,801,991	48.73	Morgan	17,426,897	629,121	36.10
Clinton	41,729,980	1,782,887	42.72	Morrow	15,840,508	756,737	47.77
Columbiana	77,853,946	3,648,555	46.89	Muskingum	99,989,693	4,723,348	47.24
Coshocton	66,332,614	2,728,662	41.14	Noble	25,461,977	1,018,931	40.02
Crawford	94,350,447	4,580,623	48.55	Ottawa	96,572,829	4,256,721	44.08
Cuyahoga	2,401,076,679	167,291,456	69.67	Paulding	16,142,815	847,026	52.47
Darke	50,719,674	2,042,546	40.27	Perry	19,063,301	923,408	48.44
Defiance	66,036,251	2,803,222	42.45	Pickaway	78,545,470	3,108,255	39.57
Delaware	77,523,431	3,364,534	43.40	Pike	11,162,126	604,459	54.15
Erie	144,625,237	7,960,355	55.04	Portage	127,145,173	8,301,079	65.29
Fairfield	96,101,058	5,508,313	57.32	Preble	24,640,306	1,077,442	43.73
Fayette	24,999,574	1,030,575	41.22	Putnam	25,303,303	986,624	38.99
Franklin	1,338,826,770	70,085,574	52.35	Richland	218,571,239	10,899,140	49.82
Fulton	42,178,396	2,052,364	48.66	Ross	132,505,235	6,177,909	46.62
Gallia	23,145,570	804,706	34.77	Sandusky	104,374,945	4,104,879	39.33
Geauga	63,861,506	4,161,523	65.16	Scioto	74,433,032	3,129,539	42.05
Greene	71,058,277	4,011,565	56.45	Seneca	123,116,516	5,164,075	41.94
Guernsey	55,568,613	2,687,440	48.36	Shelby	101,132,302	4,081,208	40.36
Hamilton	1,772,252,980	97,857,788	55.22	Stark	606,592,570	29,090,972	47.96
Hancock	135,178,875	5,838,101	43.19	Summit	660,781,040	38,980,221	58.99
Hardin	27,571,439	1,122,536	40.71	Trumbull	467,448,799	21,559,582	46.12
Harrison	34,639,327	1,470,685	42.46	Tuscarawas	135,948,113	6,120,805	45.02
Henry	45,427,252	2,039,384	44.89	Union	87,215,566	3,416,378	39.17
Highland	23,984,073	1,009,749	42.10	Van Wert	48,291,486	2,210,266	45.77
Hocking	20,262,997	940,809	46.43	Vinton	16,974,965	591,045	34.82
Holmes	31,124,967	1,393,945	44.79	Warren	94,617,941	4,709,957	49.78
Huron	75,308,198	3,714,634	49.33	Washington	163,593,300	6,303,936	38.53
Jackson	19,693,148	647,608	32.88	Wayne	155,758,731	7,777,700	49.93
Jefferson	120,398,790	5,244,012	43.56	Williams	66,203,518	3,306,599	49.95
Knox	67,000,747	3,262,244	48.69	Wood	154,356,081	7,513,635	48.68
Lake	293,854,106	19,212,473	65.36	Wyandot	27,599,952	1,200,747	43.51
Lawrence	52,426,910	2,038,664	38.89				
Licking	184,398,239	7,817,081	42.39	Total	$16,083,649,773	$868,212,896	53.98%

(a) All levies for current expense and debt for all local governments.

Table 81

TAXES LEVIED CURRENTLY BY SCHOOL DISTRICTS AND ALL LOCAL GOVERNMENTS ON TANGIBLE PERSONAL PROPERTY, CALENDAR YEAR 1985, BY COUNTY

	Taxes Levied Locally on Tangible Personal Property		
		By School Districts	
County	By All Local Governments	Amount	Percent Of Total
Adams	$ 427,386	$ 296,469	69.37%
Allen	12,197,130	9,362,263	76.76
Ashland	2,942,221	2,349,847	79.87
Ashtabula	6,845,397	4,658,865	68.06
Athens	1,006,262	725,395	72.09
Auglaize	2,802,844	2,200,887	78.52
Belmont	3,015,045	2,221,651	73.69
Brown	745,134	475,721	63.84
Butler	18,067,195	13,208,587	73.11
Carroll	1,020,495	720,384	70.59
Champaign	1,783,230	1,416,130	79.41
Clark	7,316,295	5,521,778	75.47
Clermont	6,801,991	4,819,156	70.85
Clinton	1,782,887	1,214,066	68.10
Columbiana	3,648,555	2,752,383	75.44
Coshocton	2,728,662	2,137,183	78.32
Crawford	4,580,623	3,944,869	86.12
Cuyahoga	167,291,456	105,998,520	63.36
Darke	2,042,546	1,348,177	66.00
Defiance	2,803,222	2,248,080	80.20
Delaware	3,364,534	2,603,959	77.39
Erie	7,960,355	6,382,145	80.17
Fairfield	5,508,313	4,383,748	79.58
Fayette	1,030,575	739,827	71.79
Franklin	70,085,574	51,214,905	73.07
Fulton	2,052,364	1,506,341	73.40
Gallia	804,706	606,855	75.41
Geauga	4,161,523	2,995,224	71.97
Greene	4,011,565	2,767,442	68.99
Guernsey	2,687,440	1,791,874	66.68
Hamilton	97,857,788	59,482,311	60.78
Hancock	5,838,101	4,715,449	80.77
Hardin	1,122,536	868,277	77.35
Harrison	1,470,685	1,058,620	71.98
Henry	2,039,384	1,537,715	75.40
Highland	1,009,749	733,143	72.61
Hocking	940,809	668,779	71.09
Holmes	1,393,945	955,355	68.54
Huron	3,714,634	2,930,414	78.89
Jackson	647,608	410,566	63.40
Jefferson	5,244,012	3,851,999	73.46
Knox	3,262,244	2,569,994	78.78
Lake	19,212,473	12,799,313	66.62
Lawrence	2,038,664	1,590,655	78.02
Licking	7,817,081	6,027,972	77.11

	Taxes Levied Locally on Tangible Personal Property		
		By School Districts	
County	By All Local Governments	Amount	Percent Of Total
Logan	$ 1,681,814	$ 1,324,284	78.74%
Lorain	22,982,209	17,794,259	77.43
Lucas	46,830,599	34,437,260	73.54
Madison	619,362	453,522	73.22
Mahoning	13,458,263	8,976,159	66.70
Marion	4,584,584	3,493,472	76.20
Medina	7,016,867	5,848,776	83.35
Meigs	1,375,315	882,851	64.19
Mercer	1,648,407	1,358,765	82.43
Miami	7,652,025	6,133,309	80.15
Monroe	3,690,336	2,919,203	79.10
Montgomery	57,976,132	39,644,460	68.38
Morgan	629,121	482,323	76.67
Morrow	756,737	528,826	69.88
Muskingum	4,723,348	3,464,151	73.34
Noble	1,018,931	804,013	78.91
Ottawa	4,256,721	3,408,329	80.07
Paulding	847,026	615,966	72.72
Perry	923,408	619,000	67.03
Pickaway	3,108,255	2,350,287	75.61
Pike	604,459	387,909	64.17
Portage	8,301,079	6,360,748	76.63
Preble	1,077,442	814,944	75.64
Putnam	986,624	763,079	77.34
Richland	10,899,140	8,374,410	76.91
Ross	6,177,909	4,654,081	75.33
Sandusky	4,104,879	3,322,096	80.93
Scioto	3,129,539	2,242,004	71.64
Seneca	5,164,075	4,277,825	82.84
Shelby	4,081,208	3,264,860	80.00
Stark	29,090,972	22,227,797	76.41
Summit	38,980,221	25,183,585	64.61
Trumbull	21,559,582	15,489,897	71.85
Tuscarawas	6,120,805	4,494,285	73.43
Union	3,416,378	2,607,072	76.31
Van Wert	2,210,266	1,616,179	73.12
Vinton	591,045	353,083	59.74
Warren	4,709,957	3,730,817	79.21
Washington	6,303,936	4,928,278	78.18
Wayne	7,777,700	5,947,862	76.47
Williams	3,306,599	2,708,413	81.91
Wood	7,513,635	5,988,437	79.70
Wyandot	1,200,747	915,614	76.23
Total	$868,212,896	$609,005,685	70.14%

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